

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 191⁵₄.

No. [REDACTED] 184

ISIDOR STRAUS AND NATHAN STRAUS, TRADING AND
DOING BUSINESS UNDER THE FIRM NAME AND STYLE
OF R. H. MACY & CO., ~~APPEALANTS~~ *Petitioners*

vs.

NOTASEME HOSIERY COMPANY.

On Writ of Certiorari to
~~APPEALS FROM~~ THE UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE SECOND CIRCUIT.

FILED JUNE 30, 1914.

(24,284)



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SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1914.

No. 540.

ISIDOR STRAUS AND NATHAN STRAUS, TRADING AND
DOING BUSINESS UNDER THE FIRM NAME AND STYLE
OF R. H. MACY & CO., APPELLANTS.

vs.

NOTASEME HOSIERY COMPANY.

APPEAL FROM THE UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE SECOND CIRCUIT.

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**Opinion of United States Circuit Court
of Appeals.**

**United States Circuit Court of
Appeals**

SECOND CIRCUIT.

Before:

LACOMBE, WARD and NOYES,
Circuit Judges.

2

NOTASEME HOSIERY COMPANY,
Complainant-Appellant,

against

ISIDOR STRAUS, *et al.*,
Defendants-Appellees.

3

Appeal from a decree of the District Court,
Southern District of New York, dismissing the bill
in a suit to restrain the alleged infringement of a
trade-mark and unfair competition.

Per Curiam:

As we are of the opinion that the complainant
may obtain adequate relief upon its charge of un-
fair competition, we think it unnecessary to ex-
amine the charge of trade-mark infringement. And
as the latter phase of the case may be laid out of
consideration we are not required to determine the

4 *Opinion of United States Circuit Court of Appeals.*

preliminary question whether the complainant by its own deception in the use of its alleged trademark was disentitled to ask its protection. Certainly no such deception is shown as would prevent the complainant from suing for unfair competition.

5 The testimony shows that the complainant's label came into use some six months before that of the defendants. It also shows that the engraving company which prepared the complainant's label designed that of the defendants. The inference is strong that the latter was actually copied from the former and this inference is supported by comparing them. Each label is a rectangular design having a diagonal black band with white script writing and triangular red panels. There is nothing to show that the defendants themselves knew at first of any similarity in the labels, but they were notified afterwards and continued the use.

6 In our opinion the evidence is insufficient to show actual deception. Such proof, however, is not necessary. The question is whether the natural and probable result of the use by the defendants of its label will be the deception of the ordinary purchaser making his purchases under ordinary conditions—whether there is a degree of similarity calculated to deceive. And we think there is such similarity. It seems clear to us that the general impression made by the defendants' label upon the eye of the casual purchaser would be likely to result in his confounding the defendants' goods with those of the complainant.

We conclude that the complainant is entitled to relief against unfair competition and consequently the decree appealed from is reversed with costs and the cause remanded with instructions to decree for the complainant.

Order on Mandate and Interlocutory Decree. 7

At a stated term of the U. S. Court of Appeals, Second Judicial Circuit, held at U. S. Court Rooms in the City of New York (Borough of Manhattan), on the 27th day of February, 1913.

Present:

The Hon. JOHN R. HAZEL,
U. S. D. J.

NOTASEME HOSIERY COMPANY,
Complainant,

against

ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY & Co.,
Defendants.

Equity
No. 109.

8

This cause having been tried before this Court, and a final decree having been entered therein on the 20th day of March, 1912, dismissing the bill of complaint with costs to defendants to be taxed, from which decree an appeal was duly allowed and prosecuted in the United States Circuit Court of Appeals for the Second Judicial Circuit, from which Court a mandate was issued to this Court, dated December 23, 1912, reversing said decree with costs taxed in the said Court of Appeals in the sum of \$257.50;

9

THEREFORE, upon consideration thereof, it is

ORDERED, ADJUDGED AND DECREED that the said mandate be entered, and that it be made, and here-

10

Order on Mandate, etc.

by is made, the order, judgment and decree of this Court; and it is further

ORDERED, ADJUDGED AND DECREED, as follows:

11 FIRST: That since about October, 1907, the complainant and its predecessors have been engaged in the manufacture and sale of hosiery, which became well and favorably known and was marked and designated by a certain symbol or label consisting of a rectangular figure having a diagonal black band extending across the same, and dividing the said figure into upper and lower panels colored red, said band having white script thereon, said symbol or label being applied to hosiery or to cartons or packages containing said hosiery.

12 SECOND: That prior to the acts complained of, the complainant acquired and succeeded to the hosiery business of its predecessor, including franchises, trade-marks and good-will thereof, and said business of manufacturing and selling hosiery was continued and largely increased and an important good-will was created and existed which was a source of great profits to the complainant.

THIRD: That the complainant is the true, rightful and sole owner of a certain symbol or label consisting of a rectangular figure having a diagonal black band extending across the same and dividing the said figure into upper and lower panels colored red, said symbol or label being applied to hosiery or to cartons or packages containing said hosiery.

FOURTH: That the complainant is the true, rightful and sole owner of a certain symbol or label, consisting of a rectangular figure having a diagonal black band extending across the same and dividing

the said figure into upper and lower panels colored red, said black diagonal band having white script thereon, and said symbol or label being applied to hosiery or to cartons or packages containing said hosiery.

FIFTH: That the defendants, Isidor Straus and Nathan Straus, trading and doing business under the firm name and style of R. H. Macy & Company, have made use, in connection with the sale of hosiery, of a label similar to complainant's label or symbol, consisting of a rectangular figure having a diagonal black band extending across the same and dividing the said figure into panels colored red, said black band having white script, thereon, said label or symbol being applied by defendants to hosiery or to cartons or packages containing said hosiery, and said defendants have sold and caused hosiery to be advertised for sale and to be offered for sale and sold and delivered by word of mouth and otherwise, under the symbol or label aforesaid, comprising a rectangular figure having a diagonal black band extending across the same and dividing the said figure into panels which are colored red, said black band having white script thereon.

14

15

SIXTH: That the sale by the defendants of hosiery manufactured by or for them, said hosiery having applied to it or to cartons or packages containing it, the symbol or label aforesaid, constitutes an invasion of the rights of the complainant, and an unfair and unequitable competition, which equity will restrain.

SEVENTH: That the defendants have infringed and violated the right and title of said complainant, by purchasing and selling cartons or pack-

ages of hosiery, having thereon or therein, a label of rectangular design having a black diagonal band across the same dividing the design into upper and lower panels colored red, like or substantially like, complainant's label, and having thereon lettering and marking, like or substantially like, complainant's lettering and marking, and as particularly shown by Complainant's Exhibit, Defendants' Box, presented as an exhibit in this case.

- 17 EIGHTH: And it is further ORDERED, ADJUDGED and DECREED that an injunction be forthwith issued herein perpetually, enjoining the defendants, Isidor Straus and Nathan Straus, trading and doing business under the firm name and style of R. H. Macy & Company, their officers, clerks, servants, agents, trustees, employees and workmen and all persons acting in privity with them or claiming through or under them from in any manner whatsoever making use of the symbol or label aforesaid, comprising a rectangular figure having thereon a black diagonal band across the same forming upper and lower panels, which are colored red and more particularly from directly or indirectly using or causing to be used, making or causing to be made, vending or causing to be vended, giving away, loaning or otherwise disposing of
- 13

(a) Any hosiery put up in cartons or boxes having a fanciful rectangular figure thereon having a black diagonal band across the same forming upper and lower panels, which latter are colored red.

(b) Any hosiery put up in cartons or boxes having a label or printed bands, cards, etc., within having a fanciful rectangular figure thereon having a black diagonal band

across the same forming panels, which latter are colored red, and a symbol in script on the black diagonal band.

(c) Any hosiery which is furnished in response to request for or represented as Notaseme Hosiery.

(d) Any catalogues, price-lists, letters, labels, packages, wrappers, show cards, notices or other literature or advertising matter employing a fanciful rectangular figure having a diagonal band thereon forming upper and lower panels in red or any near resemblance thereto, as applied to hosiery. 20

(e) From in any manner holding out to the public or representing directly or indirectly that the defendants or any of them are associated with the complainant or are manufacturing or selling complainant's well known Notaseme hosiery or any duplicate thereof.

NINTH: And it is further ORDERED, ADJUDGED 21
and DECREED that an injunction be forthwith issued herein, perpetually enjoining the said defendants, Isidor Straus and Nathan Straus, trading and doing business under the firm name and style of R. H. Macy & Company, their officers, clerks, servants, agents, trustees, employees and workmen, and all persons acting in privity with them or claiming through or under them from in any manner whatsoever making use of the rectangular figure aforesaid having thereon a black diagonal band across the same forming upper and lower panels which are colored red, or any symbol similar thereto which shall be marked upon or affixed or applied by any means to hosiery or to cartons or pack-

ages containing hosiery by said defendants or any other person or concern directly or indirectly connected therewith, in connection with the manufacture and sale of their hosiery and to distinguish and identify the same.

23 TENTH: It is further ORDERED, ADJUDGED and DECREED that this cause be referred to JOHN A. SHIELDS, one of the Masters in Chancery in this Court, to take testimony and ascertain and report to this Court the profits accruing to the defendants, by reason of the commitment of the unlawful acts here found, and the damages accruing to the complainant, by reason of such acts, with full power to summon and command the attendance of the defendants, their officers or employees, for examination, with all books and papers relevant to such examination, and to summon and command also the attendance of all witnesses having knowledge of facts relevant to the determination of questions involved in this issue of reference; and that the testimony heretofore taken in this cause shall be before said Master so far as relevant to this reference, said Master to report to this Court his findings and conclusions thereon.

24

ELEVENTH: It is further ORDERED, ADJUDGED and DECREED that the said complainant do recover of the defendants, its costs, charges and disbursements in this suit to be taxed by the Clerk of this Court and that in default of the payment of the same, the complainant shall have execution therefor.

JOHN R. HAZEL,
U. S. Judge.

Approved as to form,
WISE & SELIGSBURG,
Attorneys for Defendants.

Testimony before Special Master.

25

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

NOTASEME HOSIERY Co., a Corporation organized and created under and by virtue of the laws of the State of Pennsylvania,

Complainant,

against

ISIDOR STRAUS and NATHAN STRAUS, trading and doing business under the firm name and style of R. H. MACY & Co.,
Defendants.

In Equity 109.

Before: Hon.

JOHN A.

SHIELDS,

Master.

26

NEW YORK, May 23rd, 1913.

Met pursuant to the foregoing notice and summons of the Master, JOHN A. SHIELDS, at his office in the Post Office Building, Room 77, at 10.30 o'clock A. M.

27

APPEARANCES:

JAS. H. GRIFFIN, Esq., Attorney for Complainant.

Messrs. WISE & SELIGSBERG, Attorneys for Defendants; CLIFFORD H. OWEN, Esq., of Counsel.

Counsel for complainant asks the Master to make the following order:

On motion of complainant's counsel, IT IS HEREBY ORDERED that the defendants herein produce before me at the next hearing of the accounting in this suit, to be held at my office in the United States

28

Proceedings before Special Master.

29

Court House, Post Office Building, in the City of New York, Borough of Manhattan, on the 18th day of June, 1913, at 10.30 o'clock in the forenoon, a full and complete account, in the form of debtor and creditor (in accordance with the United States Supreme Court Equity Rule 63) duly verified under oath, relating to their manufacture, purchase and sale of hosiery of every kind and description dressed with or accompanied by a label of rectangular design, having a black band across the same, forming upper and lower panels, which are colored red (or a substantially similar label), from the date of the commencement of said manufacture, purchase or sale of said hosiery dressed with or accompanied by the label or labels aforesaid, to the date of the issuance of the injunction herein; and

IT IS FURTHER ORDERED that testimony heretofore taken in this suit shall be considered as before me, and relevant to the proceedings on this accounting.

Dated, New York, N. Y., May 23rd, 1913.

30

(Signed) JOHN A. SHIELDS,
Master.

The Master grants the order called for, same to be produced June 18th, 1913.

Adjourned by consent to June 18, 1913.

NEW YORK, June 18th, 1913.

By consent adjourned to June 25th, 1913, at 2 o'clock P. M.

NEW YORK, June 25th, 1913, 2 P. M.

(Met pursuant to adjournment. Hearing held in the Post Office Building.)

APPEARANCES:

JAMES H. GRIFFIN, Esq., Attorney for the Complainant. 32

Messrs. WISE & SELIGSBURG, Attorneys for the Defendants; Mr. WISE and Mr. LANDE, of Counsel.

Mr. Griffin: I came here expecting an account; Mr. Wise, what have you to say?

Mr. Wise: I will now make this statement, that although I am ready to deliver the accounts asked for, insofar as the defendants have been able to prepare them, that I object to their introduction in evidence on the ground that the proper basis of proof has not been laid for the same; that in this action the complainants are entitled to the damages resulting from the use of the rectangular labels, as decided by the Circuit Court of Appeals; that those damages, however, rest entirely upon proof of intentional fraud by the defendants, and losses of business by the complainants through the wrongful act; that that wrongdoing must be directly ascertained from the facts; that the decree that was entered in this case provides only for the profits accruing to the defendants by reason of the commitment of the unlawful acts found, and that as counsel understands this phrase, the Court 33

intended to, and did hold, that the complainants were entitled to only such damages as they could prove was the result of lost sales by reason of the defendants' unlawful acts.

Mr. Griffin: The Master's attention is directed to the language of the decree, "Profits accruing to the defendants by reason of the commitment of the unlawful acts here found."

In view of the foregoing language of the decree, it is respectfully submitted that the account asked for is entirely proper.

35

The Master: The Master overrules the objection of defendants' counsel, and orders the account produced, in accordance with the order made by the Master.

Mr. Wise: I except to the ruling of the Master, and ask that he certify this question to the Court, and I ask for a reasonable adjournment for the purpose of so submitting the question to the Court, for the purpose of resettling the decree in accordance with what counsel believes to have been the intention of the Court in entering the same.

The master so certifies.

36

JOHN A. SHIELDS,
Master in Chancery,
Southern District of New York.

June 25th, 1913.

To:

Hon. JOHN R. HAZEL,
District Judge.

(Adjournment taken until above question is decided upon by the Court.)

NEW YORK, July 17th, 1913, 10.30 A. M.

MET PURSUANT TO ADJOURNMENT.

Present: Parties as before.

Mr. Wise: The motion made to limit the Master in the evidence to damages actually suffered, and to exclude all accounts of the profits that have been made by the defendants on the sale of their goods without proof of actual deception or fraud, was denied by Judge HAZEL, in a memorandum, a copy of which I herewith submit. 38

It is as follows:

"The motion of the defendant to limit the Master in the evidence to damages actually suffered and to exclude all accounts of the profits that have been made by the defendant in the sale of their goods, without proof of actual deception or fraudulent representation, is denied.

The reference before the Master must proceed under the new Equity Rules 62 and 63, while Rule 66 is thought sufficiently comprehensive to protect the defendants in their rights and prevent the assessment of improper damages or profits. So ORDERED." 39

Mr. Wise: Now, I wish to make a statement on the record. Subject to proof being given of the fact, if the parties shall require, that the books of the defendants contain no account of the profits accruing to the defendants by reason of the commitment of the unlawful acts complained of, nor of the damages accruing to the complainant by reason of such acts.

I further state to the Special Master that I have had prepared by the defendants from their books of account a statement of the gross purchases, gross sales, gross profits and net profits of that particular department in which "Irontex" hosiery was sold; that I have further had prepared by information from manufacturers from whom the goods were purchased of a list of purchases, made by them from such manufacturers from October 1st, 1908, until February 1, 1913; and that the only method that we can arrive at the profits that the defendants made on these goods sold as "Irontex" is by averaging the profits made in the whole department, and assigning a similar average to these goods. I have had such statements prepared, and I have in court the witnesses who made those statements.

I further submit that I offer these accounts only upon the express order of the Special Master, without waiving any rights to any objection of exception, and making the additional objections which were not made at the previous hearing, that the complainants are entitled to no damages whatever for that period of time during which the defendants sold "Irontex" packed in boxes similar to those of the "Notaseme" hosiery, when they were in total ignorance of the packing, label or names of the "Notaseme" hosiery, which period is fixed by a letter in the record where the complainants first demanded that the defendants should withdraw these goods from sale in that particular form of packing, and the date of which, I believe, without being held to the accuracy, is December, 1909.

I also object to the taking of any testimony of damages during that period subsequent to the decree dismissing the complaint, and prior to the date when that decree was reversed. I have to

refer to the record for those dates; I cannot give them exactly.

Without waiving my right to any of the objections of exceptions, and under the express order of the Special Master, I produce in pursuance to the Master's orders a copy of the private books of the firm of R. H. Macy & Company, covering Department 6, being the hosiery, from the period beginning August 1st, 1908, to February 1st, 1913, giving the total purchases, sales, gross profits, and net profits of that department in six months' periods.

I also submit pursuant to the Master's directions, a statement, unverified, of the number of dozens of women's, men's and children's hosiery purchased in the years 1908, 1909, 1910, 1911 and 1912, their cost price, and a calculation made by a witness in court showing the percentage of hosiery sold under the name of "Irontex" as compared with the total amount of the hosiery sold in that department, and the total net profits of the whole department, and an approximation of the profits made on "Irontex" based on that average. 44

I submit this paper with the additional objection that, as appears by the record, complainants did not deal in either women's or children's hosiery during the period specified in the order, and that only in so far as men's hosiery is concerned, could any damages have accrued. 45

Now, I offer, for the sake of having the record complete, to have the witness who made this calculation sworn, and state that this is correct.

The Master: That is a question for the complainant.

Mr. Wise: I offer that. I offer to have the witness sworn to that, that that is a correct tabulation.

The Master: That is all understood.

*Proceedings before Special Master.
Charles McDonald—Direct.*

Mr. Griffin: The complainant offers the papers produced in evidence.

Mr. Wise: I object to their introduction on the ground that the complainant has not entitled himself to an investigation of the facts disclosed by the accounts, and that he is not entitled to any profits except those where it is shown that the defendants sold goods to purchasers who thought they were buying "Notaseme" and that they substituted "Irontex" in place thereof, or in the place of some other fraud.

47

The Master: We will mark the papers at the present time for Identification, Complainant's Exhibits A and B.

(The papers produced by defendant's counsel are marked respectively for Identification, Complainant's Exhibits A and B, J. A. S., Special Master.)

48

CHARLES McDONALD, called as a witness on behalf of the complainant, being duly sworn, testified as follows:

Direct examination by Mr. Griffin.

Q. 1. What is your name, age and occupation?

A. Charles McDonald; 29; accountant, assistant auditor, R. H. Macy & Company.

Q. 2. How long have you been employed by R. H. Macy & Company?

A. About two years and a half; I entered their employ, I think, about February, 1911.

Q. 3. Did you have anything to do, personally, with the keeping of the accounts from which the data was derived, appearing on Exhibit marked for Identification B?

A. This exhibit? No, sir.

Q. 4. I understand that you prepared this data from the books of R. H. Macy & Company, is that correct?

Mr. Wise: I expressly said that he did not.

A. No, sir; it states right at the top there.

By the Master.

Q. 5. What did you prepare that statement from?

50

A. From the report from the manufacturers. I used these books of R. H. Macy & Company for the purpose of obtaining the total purchases for the period.

Mr. Wise: Of the department?

The Witness: Of the department, on which the percentage was based.

By Mr. Griffin.

Q. 6. Are you familiar with all the account books of R. H. Macy & Company?

A. Well, that is a pretty hard question to answer. 51
Generally, yes.

Q. 7. And so far as you know, none of these books make reference to the so-called "Irontex" hosiery?

A. None distinctly.

Q. 8. And am I to understand from your testimony that it is impossible to obtain from the books of R. H. Macy & Company the quantities of "Irontex" hosiery bought and sold by them?

A. Covering what period, may I ask? For that, yes.

Q. 9. Covering the period found on this report, Exhibit B?

A. Yes, it is, as far as I know.

Q. 10. Can you determine from the books of R. H. Macy & Company the quantity of "Irontex" hosiery bought and sold for any particular period?

A. I should say for a year back.

Q. 11. In compiling this data, did you employ assistants?

A. Nobody except the stenographer who copied them.

Q. 12. Do you recall the names of the firms that furnished the data?

A. Not offhand, no.

53

Q. 13. Do you recall any of them?

A. Well, I can't say that, because this statement from the manufacturer was not sent to me direct. I believe Miss Anderson and Mr. Bradford, the buyer for the department, received this from the manufacturers.

By the Master.

Q. 14. And then they handed them to you?

A. Yes,—they didn't hand them; Mr. Wise did.

Mr. Wise: As a matter of fact, I did.

54

Mr. Griffin: Well, I think that is all I care to ask.

Further hearing adjourned to Tuesday, July 22nd, 1913, at half-past ten A. M.

NEW YORK, Tuesday, July 22nd, 1913.

10:30 A. M.

MET PURSUANT TO ADJOURNMENT.

PRESENT:

Mr. GRIFFIN and Mr. FAIRBANKS for Complainant.

Mr. WISE and Mr. LANDE, for Defendants.

Mr. Fairbanks: I now offer in evidence the 56
printed transcript of record in this cause in the
Court of Appeals, and ask the Master to mark the
same Complainant's Exhibit C.

Printed transcript referred to marked Complainant's Exhibit C.

Mr. Fairbanks: I also offer in evidence a copy
of the opinion of the Court of Appeals in this case
reported in 201 Fed., 99, and ask the Master to
mark the same Complainant's Exhibit D.

Copy referred to marked Complainant's Exhibit D.

Mr. Fairbanks: Pursuant to an informal conference with Mr. Wise this morning before the session, I will now ask Mr. Wise if he will be kind enough to agree to a stipulation identifying the item of profits made from the sale of "Irontex" hosiery in some way with the defendants' label as it appears at the bottom of page 274 of the transcript of record. 57

Mr. Wise: Without waiving any rights or any objections to any testimony offered or to the transcript, or the books submitted by the defendants, I agree that the goods called "Irontex" mentioned as having been sold in the schedules furnished by the complainants, marked for Identification A and B, were all sold in boxes marked with the label

shown on the bottom of the last page of the record; page 274 of the record, which contains the copies of the respective labels of the complainant and the defendant.

Mr. Fairbanks: I now formally offer in evidence the Complainant's Exhibits A and B which were referred to on page 11 of the Minutes of the last session, and ask that the Master now so mark these exhibits, to wit, as Complainant's Exhibits A and B.

59 Mr. Wise: The exhibits are objected to on the ground that they furnish no measure of damages, that the complainant has utterly failed to establish any damages by proof that any of the "Irontex" described in the schedules were sold in substitution for the "Notaseme" hosiery, or that any fraud of any kind was committed by the defendants to sell their goods in place of the complainant's goods by reason of the similarity of labels or in any other manner; further objection is made to those parts of the schedules which are prior to December 1st, 1909, the date when notice was given to the defendants by the complainants that they claimed to be the prior owners of said labels; and I refer to page 145, being Complainant's Exhibit, Macy Letter No. 60 1, which acknowledges the receipt of a letter from the complainant charging infringement on the trade-mark registered under the name of "Notaseme." I also object to that portion of the schedules which contains the sale of goods of "Irontex" between the first day of February, 1912, the date of the decree dismissing the complaint herein, and the first day of February, 1913, around which date the sale of "Irontex" packed in the boxes therefore used, was suspended, pursuant to the opinion of the Circuit Court of Appeals, reversing the former decree.

Mr. Fairbanks: I ask the Master to overrule all

the objections made by defendant's counsel at this session, as well as all objections made by defendants' counsel at the preceding session before the Master. With regard to any segregation or apportionment of the defendants' profits for its infringement or unfair trade between any imaginary dates alleged by defendants, I submit that it is the duty of the defendants to segregate or apportion those profits within such alleged dates in case they desire to raise any point as to this, and inasmuch as they have failed to apportion or to segregate such profits, I submit and insist that the complainants are entitled to recover the amount computed, as it appears in Complainant's Exhibit B. While the Master is perfectly familiar with the law on this point, I desire to make particular reference to the case of *Westinghouse v. Wagner Company*, 225, U. S.. 604, which fully bears me out in my contention, and in the position which I have taken. I also at this time desire to note an objection and an exception to the items enumerated or specified in Exhibit A, purporting to relate to items of expense which the defendants have deducted or charged against their profits as follows: First, the item of interest, \$1,755. I think this is improperly charged. On the schedule marked Complainant's Exhibit A there also appears two items, 1, "Sundry Expense, \$642.33," and then a separate item of "Expenses, "385.40." I object and except to these two items, and desire further explanation with respect thereto. I also object and except to three items, relating to salaries, to wit, "Executive Salaries, \$3,905.35"; "Sales Salaries, \$4,576.71," and "Buying Salary, \$1,040.57," on the ground that they are excessive, and I think the item of "Executive Salaries" loaded on to the item of "Buying Salaries" and "Sales Salaries" is without warrant.

62

63

I also object and except to the item of "Advertising, \$2,727.96." In view of the appearance of another item for "Catalogues and Mail, \$1,978.37," which latter I also object and except to.

65 I object to these items on the ground that they seem to be excessive, and if the item of advertising is charged against the profits, I think the items of "Catalogues and Mail" should not be so charged, or vice versa. I also object and except to the item of "Delivery and Packing," amounting to \$4,328.81. I also object and except to the item of "Plus five per cent.," which appears in connection with the item of "Rent, twelve hundred and seventy-two square feet, and one hundred and seventy-three plus five per cent, \$2,312.41." I am desirous of expediting this matter with reasonable speed, and if Mr. Wise will be kind enough to enlighten us on these points at this time, I will not insist upon the production of witnesses this afternoon, although I unquestionably have such a right.

The Master: The objection of defendants' counsel to the admission of Exhibits A and B is overruled. Counsel for defendants have an exception.

66 The exhibits heretofore marked Complainant's Exhibits A and B for Identification, were then marked Complainant's Exhibits A and B in evidence.

Mr. Wise: Note our exception. I want to make a statement on the record with regard to some of the remarks Mr. Fairbanks has made. The record is produced to show the sales of the articles, "Iron-tex" in periods of six months each from the first day of August, 1908, and that it is a matter of simple calculation to distinguish between those periods objected to and the other periods. The books of R. H. Macy & Company are kept so that each department has a separate account for every

item which is shown on that exhibit that has been introduced in evidence. These items are spread throughout a vast number of books, and are collated in what is called the Departmental Ledger, a copy of which has been furnished under direction of the Master, verified by the oath of one of the partners.

At the last hearing I had witnesses present who had made the exhibits referred to, and at that time Mr. Griffin requested an adjournment, and stated that if they required further testimony they would give me advance notice. I have not received such advanced notice, and for that reason the witnesses are not here. 68

Mr. Griffin: Notwithstanding Mr. Wise's explanation, no valid reason appears for withdrawing the objections just made by complainant's counsel, and complainant's counsel therefore reiterates them.

COMPLAINANT RESTS.

Mr. Wise: I want to renew my motion to strike out Exhibits A and B as being improper and having no bearing upon the question of any damage which the complainant has suffered by reason of the sale of the goods packed in the markings adopted by the defendants; that there is no proof that any damage inured from them whatsoever; furthermore that not even in patent or trade-mark cases, where no notice is required of the existence of the patent or trade-mark, would the Court allow damages prior to the time of the notice in a case of this kind. 69

The Master: Decision reserved.

(Briefs to be submitted July 30, 1913.)

DEPARTMENT 6—HOSIERY
"IRONTEX" HOSIERY PURCHASED BY R. H. MACY &
COMPANY

(As reported by manufacturers)

Women's Hosiery

	No. of Dozen	Cost
1908	6990	\$18,229.50
1909	14458	33,463.75
1910	7300	19,870.00
1911	4810	11,578.50
1912	12360	30,294.25
	46018	\$113,436.00

Men's Hosiery

1908	2300	4,197.50
1909	2800	5,110.00
1910	2300	4,197.50
1911	2500	6,564.00
1912	3380	6,188.50
	13280	26,257.50

Children's Hosiery

1908	1500	3,000.00
1909	1980	3,900.00
1910	1916	3,838.00
1911	2245	4,690.00
1912	2121	4,242.00
	9562	19,730.00
Totals	69060	\$159,423.50

The Total purchases for Dept. 6 from August 1, 1908 to February 1, 1913 (as per schedule)
 The Total purchases of "Irontex" Hosiery as shown above
 The percentage of "Irontex" purchases to the Total purchases of the department

The Net Profits of Dept. 6 from Aug. 1, 1908 to Feb. 1, 1913 on Total Purchases (as per schedule)

\$90,225.75

On basis of purchases, the estimated net profit derived from sales of "Irontex" hosiery for period--Aug. 1, 1908 to Feb. 1, 1913 (.17078 of 90225.75)

15,406.75

.17078

Exhibit B.

DEPARTMENT 6.—HOSIERY.

	Aug. 1st, 1908 to Jan. 30th, 1909.	Six Months Ended	Dept. Rating.	Pur- chases.	Sales.	Gross Profit.	Net Profit.
Inventory, first of period	\$66,305.36		Jan. 30th, 1909.	1/ 4	\$79,526.32	\$128,465.57	\$29,673.50
Purchases	79,532.84		July 31st, 1909.	1/ 4	120,257.33	144,079.68	35,829.09
			Jan. 29th, 1910.	1/ 4	91,297.40	131,569.39	29,306.02
Inventory, end of period	\$145,838.20		July 30th, 1910.	1/ 4	122,928.40	142,942.51	31,928.74
	47,921.00		Jan. 28th, 1911.	1/ 4	99,232.16	129,183.09	26,132.28
Cost of merchandise sold			July 29th, 1911.	1/ 4	123,292.94	152,754.67	37,705.70
Sales	\$93,317.20		Jan. 27th, 1912.	3/10	88,268.18	140,067.93	28,033.68
Gross Profit	126,190.70		July 27th, 1912.	3/10	120,103.03	141,179.56	31,692.63
Discount		\$29,673.50	Feb'y. 1st, 1913.	3/10	88,525.88	132,029.48	27,733.05
Jobbing Office		4,945.71					
Buying salary		781.19					
Sales Salaries	1,040.57						
Advertising	4,576.71						
Rent (1272 Sq. ft. @ \$1.73 + 5%)	2,727.06						
Executive salaries	2,312.41						
Delivery & Packing	3,905.35						
Expenses	4,328.81						
Prepaid Freight	385.40						
Repair	359.70						
Stationery	308.32						
Heat, Light & Power	398.24						
Catalogue & Mail	835.03						
Loss in Fixtures	1,978.37						
Sundry Expense	218.39						
Insurance	642.33						
Interest	443.43						
Net Profit	1,755.00						
	9,184.38						
	\$35,400.40	\$35,400.40					

UNITED STATES OF AMERICA
SOUTHERN DISTRICT OF NEW YORK } ss:

HERBERT N. STRAUS, being duly sworn, says: That he is a member of the firm of R. H. MACY & COMPANY, the defendants herein; that the foregoing account is a true and correct copy of the private books of the said Firm, showing the purchases, sales, gross profits and net profits of the Hosiery Department in six month periods, beginning August 1st, 1908 and ending February 1st, 1913; that no separate and distinct account of the purchases and sales of "Irontex" hosiery has been kept by said Firm.

HERBERT N. STRAUS.

Sworn to before me this
16th day of July, 1913.

(SEAL.)

W. A. SANDS,
Notary Public, N. Y. County, No. 3416.

76

Special Master's Report.

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

NOTASEME HOSIERY COMPANY,
a corporation organized and
existing under and by virtue
of the laws of the State of
Pennsylvania,

Complainant,

77

against

ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY & Co.,
Defendants.

In Equity.

78

I, JOHN A. SHIELDS, the Master to whom it was referred by the interlocutory decree heretofore entered in the above-entitled cause, to "take testimony and ascertain and report to this Court the profits accruing to the defendants, by reason of the commitment of the unlawful acts here found, and the damages accruing to the complainant by reason of such acts,"

RESPECTFULLY REPORT TO THE COURT that I have been attended by counsel for the respective parties; that I have taken testimony in the said matter and that I find and report the facts to be as follows:

The suit was brought to restrain the use by the defendants of a label for hosiery simulating the label of complainant. The Court on final hearing dismissed the bill, but the Circuit Court of Appeals reversed that decree, and ordered a decree for the complainant.

Thereupon an interlocutory decree was entered, in usual form, including a reference to the Master to take the usual accounting. At the first hearing before me on May 23, 1913, an order was made calling upon the defendant to file the account contemplated by the Rules. At the next hearing, on June 25th, counsel for the defendants excepted to the Master's ruling directing the production of the account ordered, and thereupon the record was certified to the Court, at the request of counsel for the defendants, and the matter was brought before Hon. JOHN R. HAZEL, who had signed the interlocutory decree, on the record as certified, the motion being, as stated by defendants' counsel in their brief, filed with me as part of defendants' brief on the accounting:

80

"This is a motion to direct JOHN A. SHIELDS, Esq., the Special Master in the above-entitled case appointed by this Court in the decree entered pursuant to the mandate of the Circuit Court of Appeals 'to take testimony and ascertain and report to this Court the profits accruing to the defendants by reason of the commitment of the unlawful acts herein found, and the damages accruing to the complainant by reason of such acts,' to interpret the foregoing quotation from said decree to mean that he should take proof only of the actual damages suffered by the complainant, if any, by reason of defendants' unlawful acts, if any, and to forbid the interpretation which he adopted that independent of any proof on the part of the complainant of lost sales, they were entitled to whatever profits were made by the defendant in the sale of their goods, regardless

81

of any substitution of their goods for those of the complainant."

This motion Judge HAZEL denied, stating that the reference must proceed under Equity Rules 62 and 63, and that the defendants were protected by Rule 66 against an improper assessment of damages or profits.

83 Thereupon counsel for the defendants, after excepting to the order, produce the account, which showed by proper calculations the defendants' gross and net profit on all kinds of hosiery from July 30, 1908, to February 1, 1913, ostensibly covering the period for which an account had been ordered. This net profit after deducting all elements of cost and expense, including interest, discount, executive, buying and sales salaries, rent, depreciation and all overhead expense, amounted to a total of \$90,225.75 for the period covered.

84 The proportion of this net profit attributable to transactions in the hosiery sold under the label complained of was ascertained by taking the total purchases of all hosiery during the period, which amounted to the sum of \$933,466.64 and the total of hosiery purchased for sale under the label in question, which amounted to the sum of \$159,423.30, the proportion of hosiery sold under the enjoined label being, therefore, calculated by the Master at .170786% of the whole purchases.

Applying this percentage to the total net profit on all the hosiery gives the sum of \$15,411.29 as the net profit realized by the defendants from their dealings in hosiery sold under the label in suit.

The testimony of an assistant auditor of the defendants, and the statements of counsel for defendants and a stipulation in the record show how the account was compiled.

Complainant offered the account in evidence, objecting it is true to the propriety of certain of the items of expense, salaries, etc., but in the brief filed with me counsel for complainant request the Master to find in favor of the complainant for the sum shown by the accounts, as stated above, as the net profit from defendants' dealings in hosiery under the label in question, namely \$15,411.29. This, of course, virtually waives the earlier objection to specific items, as to which there was no testimony taken.

Counsel for the defendants contend that the complainant is only entitled to damages such as resulted from direct loss of sales. The complainant has not attempted to prove any such damage, but the decree imposes on the Master the duty of ascertaining defendants' profits, as well as damages, and complainant only seeks a decision as to the profits. Having rested without attempting to prove damages, he would seem to have elected to recover the profits of the defendants, and to have waived any claim for damages.

86

Objection was also made by counsel for defendants to the introduction of testimony and of the accounts, on the ground that complainant dealt only in men's hosiery, while the defendants sold as well women's and children's hose. The master is, however, limited by the decree, and a reference to the first paragraph thereof is a complete answer to this objection. The decree makes no such distinction.

87

Further objection is made by counsel for the defendants to the assessment of damages (assumably intended to cover also the ascertaining of profits) for the period of their dealings under the disputed label prior to notice. The opinion of the Circuit Court of Appeals, in paragraph "2" contains the

specific finding that the similarity of the defendants' label to that of complainant was such that the ordinary purchaser was likely to be misled, and it follows that knowledge of such similarity on the part of the defendants, or the lack of it, could not affect the customer. Ignorance of the law excuses no one, and ignorance of the rights of the complainant, while it may show that there was no deliberate and intentional fraud on the part of the defendants, does not change the rule as to the recovery by the complainant of the profits wrongfully acquired by the defendants.

Defendants' counsel also object to the ascertainment of their profits during that period between the dismissal of the bill of complaint in the District Court and the filing of the opinion of the Circuit Court of Appeals, extending from February, 1912, to February, 1913. During this period the defendants were not enjoined from selling hosiery under the label in suit, but it cannot be claimed that they were not advised of complainant's claim, and they must be held to have continued the use of the label complained of at their peril.

The defendants appear to have kept no records by which they can ascertain the exact total of sales of hosiery under the label in suit. Failing that, it seems that they have followed an eminently fair and entirely proper course in calculating the profits, as outlined above. It is evidently the best calculation now possible. It is quite probable that, so far as the taking of the average profit of the entire hosiery department may work a loss to either of the parties, the complainant, and not the defendants, are adversely affected.

So, too, with the items of cost. They appear to cover not only the direct cost, but every item of incidental or overhead expense the Master has ever

Report of Special Master.

91

seen included in similar accounts. It may well be that by a strict examination into these items the complainant would have been able to reduce them, in some degree, but it is not apparent to the Master, and defendants have not sought to show, that any should be added.

THEREFORE I find and respectfully report to the Court that the profit realized by the defendants from the sale of hosiery under the label adjudged to infringe the rights of the complainant, from the beginning of such sale to February 1st, 1913, amounts to the sum of Fifteen thousand four hundred eleven dollars and twenty-nine cents, and interest should run thereon from the date of filing of my report. 92

The testimony taken before me, the exhibits and briefs of counsel for the respective parties are filed herewith.

Dated, September 26th, 1913.

Respectfully submitted,

JOHN A. SHIELDS, 93
Master.

94 **Exceptions to the Special Master's
Final Report.**

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

NOTASEME HOSIERY COMPANY,
a corporation organized and
existing under and by virtue
of the laws of the State of
Pennsylvania,

Complainant,

95

against

ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY & Co.,
Defendants.

96 PLEASE TAKE NOTICE that the Special Master appointed herein, having served a draft report in the above-entitled matter on the attorneys for the respective parties hereto on the 7th day of August, 1913, and the defendants having filed objections to the said preliminary report on the 10th day of September, 1913, and the Special Master having considered said objections and the arguments in support of and against the same submitted by the attorneys for the parties hereto, and having overruled said objections and having filed his final report herein on the 26th day of September, 1913, and the defendants being aggrieved by the report of the Special Master, as pointed out in the objections to his report heretofore filed, and by the action of the Special Master in overruling said objections, and desiring a review thereof by the Court, they do hereby, pursuant to Rule 66 of the Rules

Exceptions.

97

of Practice for Courts of Equity promulgated by the Supreme Court of the United States, hereby file their exceptions to the said Special Master's final report and to the findings of fact and conclusions of law as contained therein, as follows:

FIRST EXCEPTION.

The defendants except to the ruling of the Special Master overruling each and every of the objections filed to his preliminary report.

98

SECOND EXCEPTION.

The defendants except because the Special Master reports that suit was brought to restrain defendants' use of a label for hosiery simulating the label of complainant and that the Circuit Court of Appeals ordered a decree for the complainant on that ground, whereas the suit was brought to restrain infringement of trade-mark and unfair trade and the Circuit Court dismissed the complaint as to both theories and the Circuit Court of Appeals reversed that decree and ordered a decree for the complainant on the ground of unfair trade; expressly stating, however, that there was nothing to show that the defendants knew of any similarity of the labels when they adopted the same and that the evidence is insufficient to show actual deception, but that the general impressions made by defendants' label upon the eye of the casual purchaser would be likely to result in confounding defendants' goods with those of the complainant.

99

THIRD EXCEPTION.

The defendants except because the Special Master interpreted the decree which states that he

101 should "take testimony and ascertain and report to this Court the profits accruing to the defendants, by reason of the commitment of the unlawful acts here found, and the damages accruing to the complainant by reason of such acts" as directing him to distinguish between ascertaining profits and damages and as permitting the complainant to choose either profits made by the defendants or damages, and to recover either one or both, whereas the proper interpretation should be that the Special Master is directed to ascertain such profits as defendants made on sales induced by fraud on their part or in such a manner as to lead to the inference that such sales would have been made of complainant's goods but for such sales by defendants of their goods, and that the only damage suffered by the complainant would be the profits made by the defendants on such sales and no others.

FOURTH EXCEPTION.

102 The defendants except because the Special Master admitted and considered the accounts produced by the defendants under the order of the Master in the absence of any proof that the result of any sales made by the defendants was the result of any misleading practice by the defendants, or that any of such sales were shown by the testimony, either by direct or presumptive evidence, to have been made under such circumstances that the complainant would have sold the hosiery but for such sale by the defendants, and in the absence of any evidence, either direct or presumptive, that the defendants had substituted their goods in place of those of the complainant.

FIFTH EXCEPTION.

The defendants except because there is a failure to report that there is no claim of resemblance between the articles themselves, but only in the labels used for packing or dressing the same and that there is no proof of any kind that the sale of any of the hosiery sold by defendants under the name "Irontex" and packed in boxes to which the objectionable label was affixed, was in the slightest manner produced by or the result of any of such labels, packings or markings.

104

SIXTH EXCEPTION.

The defendants except because the Special Master refused to limit the recovery of profits and damages to such profits as were made solely on men's hosiery, but included as well the profits made on women's and children's hosiery, in which complainant did not deal, as shown by the record; and that the statement made by the Special Master that by the first paragraph of the decree he is barred from considering this question is erroneous.

SEVENTH EXCEPTION.

105

The defendants except because the Special Master found that complainant was entitled to the profits or damages during the period prior to notice when defendants were ignorant of the existence of complainant's label; that this was not ignorance of the law but of a fact necessary and essential to proof of fraud or substitution of goods in an action for unfair trade, and in the absence of such knowledge and of any evidence of deliberate and intentional fraud or of sales by the defendants of their goods which but for their acts would have resulted in the sale of complainant's goods, gives to the

complainant no right to damages or profits on any sales made up to the time of actual notice.

EIGHTH EXCEPTION.

The defendants except because the Special Master refused to deduct profits made by the defendants during the period between the dismissal of the bill of complaint in the District Court and the filing of the opinion in the Circuit Court of Appeals, from February, 1912, to February, 1913.

NINTH EXCEPTION.

The defendants except because the Special Master reports that the profits realized by the defendants from the sale of hosiery under the label adjudged to infringe the rights of the complainant from the beginning of such sale to February 1st, 1913, amounts to the sum of Fifteen thousand four hundred eleven and 29/100 (\$15,411.29) dollars and that interest thereon should run from the date of the filing of the report, on the grounds:

108 1. That the Special Master has failed to find or report that any part of such sum ascertained as profits accrued to the defendants "by reason of the commitment of the unlawful acts," as he was directed to do by the decree herein, or that such sums were "the damages accruing to the complainant by reason of such acts," as directed by the decree herein.

2. That the Special Master fails to report that there is a total failure of proof of any damage suffered by the complainant by reason of any unlawful acts of the defendants and there is total absence of any evidence to prove that any portion of the profits earned by the defendants were directly or indirectly due to any unlawful act on their part.

3. That the Special Master awards all profits made as damages, although such profits include sales of hosiery by the defendants to persons who never heard of complainant's goods and who were well aware that the hosiery bought by them were specially made for the defendants and who bought them because they were so made.

4. In that the Special Master fails to report to the Court that a decree for an injunction amply protects the complainant's rights, and that upon the failure of the complainant to prove that except for misleading by the defendants it would have made sales which were made by the defendants and to show its damages by way of loss of profits, that no recovery of damages or profits should be allowed to it. 110

Dated, New York, October 10th, 1913.

Respectfully submitted,
EDMOND E. WISE,
Solicitor for Defendants.

To: 111

ALEXANDER GILCHRIST, JR., Esq.,
Clerk of the United States District Court,
New York City, New York.

WIEDERSHEIM & FAIRBANKS, Esqs.,
Thirteenth and Chestnut Streets,
Philadelphia, Pa.

112

Notice of Motion.

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

NOTASEME HOSIERY COMPANY,
a corporation organized and
created under and by virtue
of the laws of the State of
Pennsylvania,

Complainant,

113

against

ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY & Co.,
Defendants.

Sir:

114

PLEASE TAKE NOTICE that upon the pleadings herein, the proceedings had herein and upon the final report of JOHN A. SHIELDS, Esq., Special Master, filed herein on the 26th day of September, 1913, and upon the exceptions to the said final report filed by the defendants herein on the 14th day of October, 1913, the undersigned will move before one of the Judges of this Court at the Court House, in the Post Office Building, in the Borough of Manhattan, City of New York, on the 31st day of October, 1913, at 10.30 o'clock in the forenoon of that day or as soon thereafter as counsel can be heard, that the said exceptions to the Master's final report filed by the defendants herein on the 14th day of October, 1913, be sustained, and that the report of the said Master be modified, so as to conform to the said exceptions of the defendants

Notice of Motion.

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herein, and for such other and further relief as to the Court may seem just and proper.

Dated, New York, October 27th, 1913.

Yours, etc.,

EDMOND E. WISE,
Solicitor for Defendants,
15 William Street,
New York City.

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To:

MESSRS. WIEDERSHEIM & FAIRBANKS,
Attorneys for Complainant,
Thirteenth and Chestnut Streets,
Philadelphia, Pa.

JAMES H. GRIFFIN, Esq.,
Of Counsel,
277 Broadway, N. Y. City.

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Opinion of Lacombe, J.

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

NOTASEME HOSIERY COMPANY,
a corporation organized and
created under and by virtue
of the laws of the State of
Pennsylvania,

Complainant,

119

against

ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY & Co.,
Defendants.

HEARING UPON REPORT OF A SPECIAL MASTER AS
TO PROFITS AND DAMAGES. THE SUIT WAS FOR UN-
FAIR COMPETITION.

LACOMBE, J.:

120

The Court of Appeals was clearly of the opinion that a case of unfair competition had been made out. The two names "Notaseme" and "Irontex" are wholly dissimilar but mere inspection of the two labels with their panels and contrasting colors showed quite satisfactorily that the designer of the later label tried to make it so nearly like the earlier one that it would be likely to deceive purchasers. So close a copy of an earlier design is not often seen; manifestly it was not accidentally produced, it was devised with some intelligent purpose, and there is no evidence which would warrant the conclusion that such purpose was other than that

which the Court of Appeals has found, viz: an attempt to compete unfairly with the owner of the earlier label.

This is not a case of the use of a man's own name, which use may incidentally lead persons to suppose that his wares are those they have always associated with another dealer having the same name. There has been a carefully planned and deliberate attempt to simulate successfully the dress or earmarks of another's goods.

That constitutes a fraudulent intent and when there is such a plain intent, the authorities, as I understand them, allow complainant to recover profits, as he would in an ordinary registered trademark case.

It does appear, however, from the record, that defendants were not concerned in the original concoction of the label. They sent to a designer in Philadelphia, who, as it happened had been the one who designed complainant's label, to get up a label for them. When they received his design and commenced to sell their own goods under it, they had not seen complainant's label. During the period when they sold their goods in ignorance of the fact that the label they were using designedly simulated that of complainant, it cannot be held that they had any fraudulent or unfair intent; and intent is essential in cases of unfair competition. By the latter part of 1909, however, they were advised of the situation and learned of complainant's label. The fact that thereafter, instead of discontinuing the use of the simulating label, they continued to sell their own goods under it, sufficiently shows that at that time they deliberately, intelligently and knowingly decided to enter into unfair competition with the complainant. For the consequences of that decision, they should respond,

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123

allowing a brief period for them to advise themselves as to the facts and to change the design of their own label, January 1, 1910, may be taken as the date from which they should account for profits. So much of the profits as accrued prior to that date should be disallowed.

I see no reason why the profits for the period between original decision in District Court and its reversal should also be eliminated. Appeal was promptly taken and defendants took their chance of the result.

125

With the modification above indicated of the Master's finding as to the amount of the profits, his report is confirmed.

126

Final Decree.

127

At a Stated Term of the United States District Court for the Southern District of New York, held in the United States Court Room in the City of New York, Borough of Manhattan, on the 24th day of December, 1913.

Present:

Hon. E. HENRY LACOMBE,
Circuit Judge.

NOTASEME HOSIERY COMPANY,
a corporation organized and
created under and by virtue
of the laws of the State of
Pennsylvania,

Complainant,

against

ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY & Co.,
Defendants.

In Equity,
No. 109.

128

129

This matter coming on upon the report of the Special Master heretofore appointed herein and on exceptions to the said report filed by the defendants herein, and Edmond E. Wise, Esq., having been heard in support of the said exceptions, and James H. Griffin, Esq., solicitor for the complainant in opposition thereto, it is now, on motion of James H. Griffin, solicitor for the complainant,

ORDERED, ADJUDGED AND DECREED that the exception that no recovery should be had by the complainant for profits realized by the defendants be-

fore actual notice of unfair trade by means of the label complained of in the bill of complaint herein, should be sustained, and January 1st, 1910, should be, and hereby is, fixed as the date from and after which the defendant should account for the profits realized by it in this accounting;

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And it appearing by the exhibits on the accounting that during the six months ending January 31st, 1910, such profits amounted to \$9,808.71, the average for January alone being \$1,634.78; and that during the balance of the accounting period the net profits of defendants on hosiery amounted to the sum of \$56,041.64, making a total, from January 1, 1910, to date, of \$57,676.42; and the Master having found and reported that .170786 per cent. thereof were profits upon hosiery sold under the label complained of, and that percentage of such \$57,676.42 of profits amounting to the sum of \$9,839.73; it is

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FURTHER ORDERED, ADJUDGED AND DECREED that the complainant recover the sum of \$9,839.73, instead of the sum of \$15,411.29, reported by the Master in his said report to which sum of \$9,839.73 shall be added interest computed at the rate of 6% from the date of the filing of the Master's report, to wit, August 7th, 1913, and that for the said sum of \$9,839.73 and interest, the complainant have judgment and execution against the defendants, together with its costs to be taxed.

And it is further

ORDERED, ADJUDGED AND DECREED that in all other respects the said Master's report be, and hereby is, confirmed and the exceptions thereto be, and hereby are, overruled, costs to be taxed against said de-

fendants for each of defendants' eight exceptions overruled, in the sum of \$40 and costs taxed against complainant for the one defendants' exception sustained in the sum of \$5, making the net sum due complainant on the matter of exceptions \$35;

And it is further

ORDERED, ADJUDGED AND DECREED that the sum of One hundred dollars (\$100) be, and hereby is, fixed as the Master's fee for his services herein, over and above the expense of taking the testimony in the accounting proceeding amounting to \$64, and that the same be paid by the complainant and taxed as a disbursement in its costs;

134

And it is further

ORDERED, ADJUDGED AND DECREED that the following provision of the interlocutory decree heretofore entered herein be made final;

FIRST: That, since about October, 1907, the complainant and its predecessors have been engaged in the manufacture and sale of hosiery, which became well and favorably known and was marked and designated by a certain symbol or label consisting of a rectangular figure having a diagonal black band extending across the same, and dividing the said figure into upper and lower panels colored red, said band having white script thereon, said symbol or label being applied to hosiery or to cartons or packages containing said hosiery.

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SECOND: That, prior to the acts complained of, the complainant acquired and succeeded to the hosiery business of its predecessor, including franchises, trade marks, and good-will thereof, and said

business of manufacturing and selling hosiery was continued and largely increased and an important good-will was created and existed which was a source of great profits to the complainant.

137 **THIRD:** That the complainant is the true, rightful and sole owner of a certain symbol or label consisting of a rectangular figure having a diagonal black band extending across the same and dividing the said figure into upper and lower panels colored red, said symbol or label being applied to hosiery or to cartons or packages containing said hosiery.

FOURTH: That the complainant is the true, rightful and sole owner of a certain symbol or label, consisting of a rectangular figure having a diagonal black band extending across the same and dividing the said figure into upper and lower panels colored red, said black diagonal band having white script thereon, and said symbol or label being applied to hosiery or to cartons or packages containing said hosiery.

138 **FIFTH:** That the defendants, Isidor Straus and Nathan Straus, trading and doing business under the firm name and style of R. H. Macy & Co., have made use, in connection with the sale of hosiery, of a label similar to complainant's label or symbol, consisting of a rectangular figure having a diagonal black band extending across the same and dividing the said figure into panels colored red, said black band having white script thereon, said label or symbol being applied by defendants to hosiery or to cartons or packages containing said hosiery, and said defendants have sold and caused hosiery to be advertised for sale and to be offered for sale and sold and delivered by word of mouth and other-

wise, under the symbol or label aforesaid, comprising a rectangular figure having a diagonal black band extending across the same and dividing the said figure into panels which are colored red, said black band having white script thereon.

SIXTH: That the sale by the defendants of hosiery manufactured by or for them, said hosiery having applied to it or to cartons or packages containing it, the symbol or label aforesaid, constitutes an unfair and inequitable infringement and invasion of the rights of the complainant, and an unfair and inequitable competition, which equity will restrain. 140

SEVENTH: That the defendants have infringed and violated the right and title of said complainant, by purchasing and selling cartons or packages of hosiery, having thereon or therein, a label of rectangular design having a black diagonal band across the same dividing the design into upper and lower panels colored red, like, or substantially like, complainant's label, and having thereon lettering and marking, like or substantially like, complainant's lettering and marking, and as particularly shown by Complainant's Exhibit, defendants' box, presented as an exhibit in this case. 141

EIGHTH: And it is further ORDERED, ADJUDGED AND DECREED, that an injunction be forthwith issued herein perpetually, enjoining the defendants, Isidor Straus and Nathan Straus, trading and doing business under the firm name and style of R. H. Macy & Company, their officers, clerks, servants, agents, trustees, employees and workmen and all persons acting in privity with them or claiming through or under them from in any manner whatsoever making use of the symbol or label aforesaid, comprising a rectangular figure having thereon a black diagonal band across the same forming upper

Final Decree.

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and lower panels which are colored red and more particularly from directly or indirectly using or causing to be used, making or causing to be made, vending or causing to be vended, giving away, loaning or otherwise disposing of

(a) Any hosiery put up in cartons or boxes having a fanciful rectangular figure thereon having a black diagonal band across the same forming upper and lower panels, which latter are colored red.

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(b) Any hosiery put up in cartons or boxes having a label or printed bands, cards, etc., within having a fanciful rectangular figure thereon having a black diagonal band across the same forming panels, which latter are colored red, and a symbol in script on the black diagonal band.

(c) Any hosiery which is furnished in response to request for or represented as "Notaseme" Hosiery.

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(d) Any catalogues, price-lists, letters, labels, packages, wrappers, show cards, notices or other literature or advertising matter employing a fanciful rectangular figure having a diagonal band thereon forming upper and lower panels in red or any near resemblance thereto as applied to hosiery.

(e) From in any manner holding out to the public or representing directly or indirectly that the defendants or any of them are associated with the complainant or are manufacturing or selling complainant's well-known "Notaseme" hosiery or any duplicate thereof.

NINTH: And it is further ORDERED, ADJUDGED AND DECREED that an injunction be forthwith issued herein, perpetually enjoining the said defendants, Isidor Straus and Nathan Straus, trading and doing business under the firm name and style of R. H. Macy & Company, their officers, clerks, servants, agents, trustees, employees and workmen, and all persons acting in privity with them or claiming through or under them from in any manner whatsoever making use of the rectangular figure aforesaid having thereon a black diagonal band across the same forming upper and lower panels which are colored red, or any symbol similar thereto which shall be marked upon or affixed or applied by any means to hosiery or to cartons or packages containing hosiery by said defendants or any other person or concern directly or indirectly connected therewith, in connection with the manufacture and sale of their hosiery and to distinguish and identify the same.

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TENTH: It is further ORDERED, ADJUDGED AND DECREED that the said complainant do recover of the said defendants, its costs, charges and disbursements in this suit, other than hereinbefore provided for, to be taxed by the Clerk of this Court and that in default of the payment of the same, the complainant shall have execution therefor.

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E. HENRY LACOMBE,
U. S. Circuit Judge.

Notice of Settlement waived December 10, 1913.

Signed, JAS. H. GRIFFIN,

Solicitor for Complainant.

Signed, EDMOND E. WISE,

Solicitor for Defendant.

Filed, December 24, 1913.

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Petition for Appeal.
IN THE DISTRICT COURT,
SOUTHERN DISTRICT OF NEW YORK.

NOTASEME HOSIERY COMPANY,
Complainant,
against

ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY & Co.,
Defendants.

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*To the Honorable the Judges of the United States
District Court in and for the Southern Dis-
trict of New York:*

The defendants herein believing themselves to be aggrieved by the decree made and entered in this cause on the 24th day of December, 1913, do hereby appeal therefrom to the United States Circuit Court of Appeals for the Second Circuit, and pray that said appeal may be allowed, and a citation issued, directed to the complainant herein, commanding it to appear before the said United States Circuit Court of Appeals to do and receive what may pertain to justice to be done in the premises; and that a transcript of the record duly authenticated may be sent to the United States Circuit Court of Appeals for the Second Circuit and that said decree of said District Court, in so far as it pertains to these defendants, may be reversed and such further decree made as to the said United States Court of Appeals may seem meet and just.

150

Dated, New York, January 2nd, 1914.

EDMOND E. WISE,
Solicitor for Defendants.

Order Allowing Appeal.

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IN THE DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

NOTASEME HOSIERY COMPANY,
Complainant,

against

ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY & Co.,
Defendants.

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Isidor Straus and Nathan Straus, the defendants in the above-entitled cause, having presented and filed their petition for an order allowing an appeal to the United States Circuit Court of Appeals for the Second Circuit from the final decree in the above cause, and the said defendants having filed with their petition the assignment of errors,

Now, on this 3rd day of January, 1914, on motion of defendants' solicitor, it is

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ORDERED that an appeal to the United States Circuit Court of Appeals for the Second Circuit from the final decree in the above cause made and entered on the 24th day of December, 1913, awarding the complainant an injunction against the defendants and a judgment against the defendants for the sum of \$9,983.02, damages and costs, be and the same is hereby allowed, *supersedeas* bond to be entered in the sum of \$11,500 and upon the entry thereof, it is further

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Order Allowing Appeal.

ORDERED that a transcript of the record and proceedings in this court be certified to the said Circuit Court of Appeals for the Second Circuit according to law and a citation issued accordingly, and it is further

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ORDERED that upon the defendants duly filing an approved *supersedeas* bond in the sum of \$11,500, that execution upon the said judgment against the defendants be and the same hereby is stayed pending the determination of the said appeal in the said United States Circuit Court of Appeals for the Second Circuit and the coming down of the mandate of the said Court.

Dated, New York, January 3rd, 1913.

E. HENRY LACOMBE,
District Judge

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Assignment of Errors.

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IN THE DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

NOTASEME HOSIERY COMPANY,
Complainant,

against

ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY & Co.,
Defendants.

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And now come Isidor Straus and Nathan Straus, the defendants, by their solicitor Edmond E. Wise, and say that in the record and proceedings in the above-entitled cause and in the decree made and entered therein on the 24th day of December, 1913, there is manifest error, and said decree is erroneous and against the just rights of defendants and for error, they assign the following:

I. The Court erred in entering a decree for an injunction against the defendants on the ground that the defendants had been guilty of unfair competition in trade.

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II. The Court erred in holding that the complainant was entitled to recover from the defendants the sum of \$983.02, with interest at the rate of six per cent. from the 7th day of August, 1913, and in holding that the complainant was entitled to judgment and execution against the defendants.

III. The Court erred in overruling all, except the Seventh of the defendants' exceptions to the report of the Special Master and in confirming the said report.

IV. The Court erred in making the holdings contained in the paragraphs numbered "Sixth," "Seventh," "Eighth" and "Ninth" of the interlocutory decree entered in this cause on the 28th day of February, 1913, and in making final the said provisions of the interlocutory decree.

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V. The Court erred in directing in the tenth paragraph of the said interlocutory decree entered in this cause on the 28th day of February, 1913, that the cause be referred to a Special Master to take testimony and ascertain and report to this Court the profits accruing to the defendants, by reason of the commitment of the unlawful acts there found, and the damages accruing to the complainant by reason of such acts.

VI. The Court erred in holding that the complainant was entitled to recover from the defendants, costs, charges, disbursements and Master's fees.

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WHEREFORE, the said defendants pray that the final decree of the said District Court of the United States be reversed and that said District Court of the United States for the Southern District of New York be directed to enter a decree for said defendants in conformity with the prayer of their answer, or in such other manner as to said Court of Appeals may seem meet and just.

EDMOND E. WISE,
Solicitor for Appellants.

Bond.

A bond in the sum of \$11,500 was approved and filed by the defendant herein on January 2nd, 1914.

Citation.

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*By the Honorable E. HENRY LACOMBE, One of the
Judges of the District Court of the United
States for the Southern District of New York,
in the Second Circuit, To Notaseme Hosiery
Company,*

GREETING:

YOU ARE HEREBY CITED and admonished to be and appear before a United States Circuit Court of Appeals for the Second Circuit, to be holden at the Borough of Manhattan in the City of New York, in the District and Circuit above named, on the 2nd day of February, 1914, pursuant to an appeal filed in the Clerk's Office of the District Court of the United States for the Southern District of New York, wherein Isidor Straus and Nathan Straus, doing business under the firm name and style of R. H. Macy & Company, are appellants, and you are respondents, to show cause, if any there be, why the errors in said appeal mentioned should not be corrected and speedy justice should not be done in that behalf.

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GIVEN UNDER MY HAND at the Borough of Manhattan, in the City of New York, in the District and Circuit above named, this 19th day of January, in the year of our Lord One thousand nine hundred and fourteen, and of the Independence of the United States the One hundred and thirty-eighth.

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E. HENRY LACOMBE,
*Judge of the District Court
of the United States for the
Southern District of New
York, in the Second Circuit.*

166

Stipulation.

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

 NOTASEME HOSIERY COMPANY,
 Complainant,

against

 ISIDOR STRAUS and NATHAN
 STRAUS, trading and doing
 business under the firm name
 and style of R. H. MACY & Co.,
 Defendants.

In Equity

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IT IS HEREBY STIPULATED AND AGREED by and between the attorneys for the parties hereto that the papers to be printed on the appeal to the Circuit Court of Appeals in this action are as follows:

Petition for Appeal.

Order Allowing Appeal.

Certificate of the Clerk.

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Opinion of the Circuit Court of Appeals.

Order on Mandate and Interlocutory Decree.

Testimony taken before Special Master.

Exhibits produced before Special Master.

Report of Special Master.

Exceptions to Report of Special Master.

Opinion of Judge LACOMBE on Motion to Sustain
Exceptions.

Final Decree.

Assignment of Errors.

Bond.

Citation.

Stipulation.

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AND IT IS FURTHER STIPULATED AND AGREED that if the Court will so order the original record on the appeal to the Circuit Court of Appeals for the Second Circuit from the judgment of the District Court in favor of the defendants, which transcript of record was used as an exhibit by plaintiff in the hearings before the Special Master, copies of which are on file in the office of the Clerk of the Circuit Court of Appeals may be used and referred to on the hearing of this appeal by either counsel with like force and effect as if the said transcript of record were printed at length as part of this record on appeal.

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Dated, New York, February 13th, 1914.

WISE & SELIGSBURG,
Solicitors for Defendants-Appellants.

JAS. H. GRIFFIN,
Solicitors for Plaintiff-Appellee.

SO ORDERED,

E. H. LACOMBE,
U. S. Circuit Judge.

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Filed, March 9th, 1914.

172 UNITED STATES DISTRICT COURT,
SOUTHERN DISTRICT OF NEW YORK.

NOTASEME HOSIERY COMPANY,
a corporation organized and
existing under and by virtue
of the laws of the State of
Pennsylvania,

Complainant,

against

173 ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY & Co.,
Defendants.

IT IS HEREBY STIPULATED AND AGREED, that the foregoing is a true transcript of the record of the said District Court in the above-entitled matter as agreed on by the parties.

Dated, March 6th, 1914.

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WISE & SELIGSBERG,
Attorneys for Defendants-Appellants.

JAMES H. GRIFFIN,
Attorney for Plaintiff-Appellee.

UNITED STATES OF AMERICA,

175

SOUTHERN DISTRICT OF NEW YORK.

NOTASEME HOSIERY COMPANY,
a corporation organized and
existing under and by virtue
of the laws of the State of
Pennsylvania,

Complainant,

against

ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY & Co.,
Defendants.

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I, ALEXANDER GILCHRIST, Jr., Clerk of the District Court of the United States of America for the Southern District of New York, do hereby certify that the foregoing is a correct transcript of the record of the said District Court in the above-entitled matter as agreed on by the parties.

IN TESTIMONY WHEREOF, I have caused the seal of the said Court to be hereunto affixed, at the City of New York, in the Southern District of New York, this 9th day of March, in the year of our Lord one thousand nine hundred and fourteen, and of the Independence of the said United States the one hundred and thirty-eighth. 177

ALEX. GILCHRIST, JR.,
Clerk.

See

60 United States Circuit Court of Appeals for the Second Circuit,
October Term, 1913.

No. 285.

NOTASEME HOSIERY COMPANY, Complainant-Appellee,
vs.

ISIDOR STRAUS and NATHAN STRAUS, Trading as R. H. Macy &
Company, Defendants-Appellants.

Argued April 21, 1914. Decided May 14, 1914.

Appeal from the District Court of the United States for the Southern
District of New York.

Before Coxe, Ward, and Rogers, Circuit Judges.

WARD, *Circuit Judge*:

The complainant, a corporation of the State of Pennsylvania, filed its bill against the defendants, citizens of the State of New York, residing in the Southern District thereof, for infringement of its trade-mark and for unfair competition. The District Judge dismissed the bill and upon appeal this court held that the labels were so alike that it was obvious confusion of goods must result. We sustained the charge of unfair competition, 201 Fed. Rep. 99. Accordingly the decree was reversed and the District Court directed to enter a decree in favor of the complainant with the usual injunction and accounting against the defendants.

It appears that the complainant's and defendants' labels were both designed by the same person and that the defendants, though they put their goods on the market in March, 1908, were wholly unaware of the complainant's label until December 1, 1909.

61 The Master awarded to the complainant the profits made on sales of this infringing hosiery from July 30, 1908, to February 1, 1913, amounting to \$15,411.29. Upon exceptions to his report Judge Lacombe struck out profits down to January 1, 1910, from which time he held the defendants guilty of a deliberate intention to enter into unfair competition because they continued to use their label after they had been advised of the complainant's and had ample time to change it. This reduced the decree to \$9,839.73. The defendants appeal on the ground that profits in cases of unfair competition are recoverable only when there is intentional fraud. Assuming this to be so, we are, in view of our previous decision, compelled to find that there was fraudulent intent. The decree is affirmed.

E. E. Wise, for the Appellants.

E. H. Fairbanks, for the Appellee.

82 At a Stated Term of the United States Circuit Court of Appeals, in and for the Second Circuit, Held at the Court-rooms in the Post-office Building in the City of New York, on the 25th Day of May, One Thousand Nine Hundred and Fourteen.

Present:

Hon. Alfred G. Coxe,
Hon. Henry G. Ward,
Hon. Henry Wade Rogers,
Circuit Judges.

NOTASEME HOSIERY COMPANY, Complainant-Appellee,
vs.

ISIDOR STRAUS and NATHAN STRAUS, Trading as R. H. Macy & Company, Defendants-Appellants.

Appeal from the District Court of the United States for the Southern District of New York.

This cause came on to be heard on the transcript of record from the District Court of the United States, for the Southern District of New York, and was argued by counsel.

On consideration whereof, it is now hereby ordered, adjudged and decreed that the decree of said District Court be and it hereby is affirmed with costs.

A. C. C.

It is further ordered that a mandate issue to the said District Court in accordance with this decree.

83 Endorsed: United States Circuit Court of Appeals, Second Circuit. Notaseme Hosiery Co. vs. Isidor Straus & ano. Order for Mandate. United States Circuit Court of Appeals, Second Circuit. Filed May 25, 1914. William Parkin, Clerk.

84 United States Circuit Court of Appeals for the Second Circuit.

NOTASEME HOSIERY COMPANY, a Corporation Organized and Created under and by Virtue of the Laws of the State of Pennsylvania, Plaintiff,

against

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm Name and Style of R. H. Macy & Co., Defendants.

Petition for Appeal.

Come now the above defendants-appellants and respectfully show that this Court by its mandate under date of May 24th 1914, ordered, adjudged and decreed that the final decree of the District Court en-

tered in the above entitled cause on the 24th day of December 1913, in favor of the complainant and against the defendants, which decree awarded to the complainant the sum of \$9,839.73 with interest, as well as an injunction be affirmed with costs duly taxed at the sum of \$25.50, and final judgment pursuant to the said mandate having been entered in the United States District Court for the Southern District of New York, on the 2nd day of June 1914, and the defendants herein, believing themselves to be aggrieved by the said final judgment made and entered in this cause on or about the 2nd day of June 1914, do hereby appeal therefrom to the United States Supreme Court and pray that said appeal may be allowed, and a citation issued directed to the complainant herein commanding

65 it to appear before the said United States Supreme Court to do and receive what may pertain to justice to be done in the premises, this being a cause in which the United States Circuit Court of Appeals for the Second Circuit has not final jurisdiction and that it is a proper cause to be reviewed by the Supreme Court of the United States on appeal, the matter in controversy exceeding \$5,000, besides costs; and that a transcript of record, proceedings and papers duly authenticated may be sent to the said United States Supreme Court, and that said final judgment in so far as it pertains to these defendants may be reversed, and such further decree made as to the said United States Supreme Court may seem meet and just, and that an order issue fixing the amount of the bond for superseas to be filed by the defendants herein.

Dated, New York, June 8th 1914.

EDMUND E. WISE,
Solicitor for Defendants.

66 Please take notice that the within is a copy of — this day duly entered and filed in the office of the Clerk of the within named Court, in the within entitled action.

Dated New York City, — 19—.

Yours, etc.,

WISE & SELIGSBERG,
Attorneys for — — —,
15 William Street, New York City.

To — — —,
Attorney for — — —.

(Endorsed:) U. S. Circuit Court of Appeals for the Second Circuit. Notaseme Hosiery Company, a corporation organized and created under and by virtue of the laws of the State of Pennsylvania, Plaintiffs, vs. Isidor Straus and Nathan Straus, trading and doing business under the firm name and style of R. H. Macy & Co., Defendants. Petition for Appeal. Wise & Seligsberg, Attorneys for defendants-appellants, 15 William Street, New York. To — — —, Attorney for — — —. United States Circuit Court of Appeals, Second Circuit. Filed Jun- 8, 1914. William Parkin, Clerk.

United States Circuit Court of Appeals for the Second Circuit.

NOTASEME HOSIERY COMPANY, a Corporation Organized and Created under and by Virtue of the Laws of the State of Pennsylvania, Plaintiff,

against

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm Name and Style of R. H. Macy & Co., Defendants.

Order Allowing Appeal.

Isidor Straus and Nathan Straus, the defendants in the above entitled cause, having presented and filed their petition for an order allowing an appeal to the United States Supreme Court from the decree in the above cause, and the said defendants having filed their petition the assignment of errors,

now on this 8th day of June 1914, on motion of defendants' attorney, it is

ordered that an appeal to the United States Supreme Court from the said decree in the above cause made and entered on the 2nd day of June 1914, awarding the complainant judgment against the defendants for the sum of \$9,838.73, damages and costs, be and the same is hereby allowed, supersedeas bond to be entered in the sum of thirteen thousand five hundred dollars (\$13,500), and upon the giving thereof it is

further ordered that a transcript of record and proceedings in this cause be certified to the United States Supreme Court according to law, and a citation issue accordingly. And it is

Further ordered that upon the defendants duly filing an appeal supersedeas bond in the sum of Thirteen thousand five hundred dollars (\$13,500.) that execution upon the said judgment against the defendants be and the same hereby is stayed, pending determination of the said appeal in the said United States Supreme Court, and the coming down of the mandate of said Court. Done at New York, June 8th 1914.

ALFRED C. COXE,

Judge of Circuit Court of Appeals.

(Endorsed:) U. S. Circuit of Appeals for the Second Circuit. Notaseme Hosiery Company, a Corporation, etc., Plaintiff. Isidor Straus and Nathan Straus, trading as R. H. Macy & Co., Defendants. Order Allowing Appeal. Wise & Seligsberg, Attorneys for defendants-appellants, 15 William Street, New York. ———, Attorney for ———. United States Circuit Court of Appeals, Second Circuit. Filed Jun- 8, 1914. William Parkin,

70 United States Circuit Court of Appeals for the Second Circuit.

NOTASEME HOSIERY COMPANY, a Corporation Organized and Created
under and by Virtue of the Laws of the State of Pennsylvania,
Plaintiff,

against

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business
under the Firm Name and Style of R. H. Macy & Company,
Defendants.

Assignment of Errors.

And now on the 8th day of June, 1914, come the defendants and say that in the records and proceedings in the above entitled cause there is manifest error in each and every one of the following particulars, to wit:

First. The Circuit Court of Appeals erred in affirming the said final decree of the District Court of the United States.

Second. The said Circuit Court of Appeals erred in awarding costs against the defendants upon affirming the said judgment.

Third. The said Circuit Court of Appeals erred in remanding the case to the District Court of the United States directing that the said final decree of the said District Court be affirmed with costs.

Fourth. That the Circuit Court of Appeals erred in not reversing the judgment of the District Court and in not remanding the cause to the District Court directing that the said judgment of the District Court be reversed.

71 Fifth. That the said Court of Appeals erred in affirming the final decree of the District Court overruling defendants' exceptions to the report of the Special Master and confirming the said report.

Sixth. The Court of Appeals erred in affirming the final decree of the District Court which made final provisions of the interlocutory decree entered herein on the 28th day of February 1913.

Seventh. That the Circuit Court of Appeals erred in affirming the final decree of the District Court and awarding damages to the complainant, without proof that anyone had purchased goods marketed by the defendants, supposing them to be the product of complainant, or that complainant had lost a single customer by the defendants' conduct.

Eighth. That the Circuit Court of Appeals erred in affirming the final decree of the District Court which awarded the defendants profits as damages to the complainant, without any proof of injury, or without any proof by complainant that it had sustained damages by loss of trade which otherwise it would have had but for defendants' sale of their goods as and for plaintiff's goods.

Ninth. That the Circuit Court of Appeals erred in affirming the final decree of the District Court which awarded defendants profits to the complainant without any proof by the complainant of the profits or gains derived by the defendants, or without any proof

the amount contributed to the defendants profit by reason of the use of the infringing label.

Wherefore, the said defendants pray that the judgment of the Circuit Court of Appeals for the Second Circuit dated the 25th day of May, 1914, affirming the final decree of the United States District Court for the Southern District of New York, dated the 24th day of December, 1913, may be reversed and that the said United States District Court may be directed to enter judgment for the defendants as against the complainant.

Dated New York, June 8th, 1914.

EDMOND E. WISE,
Solicitor for Defendants-Appellants.

(Endorsed:) U. S. Circuit Court of Appeals for the Second Circuit. Notaseme Hosiery Company, a corporation organized and created under and by virtue of the laws of the State of Pennsylvania, Plaintiff, against Isidor Straus & Nathan Straus, trading and doing business under the firm name and style of R. H. Macy & Company, Defendants. Assignment of Errors. Wise & Seligsberg, Attorneys for Defendants, 15 William Street, New York. To ———, Attorney for ———. United States Circuit Court of Appeals, Second Circuit. Filed Jun-8, 1914. William Parkin, Clerk.

The Ætna Accident and Liability Company,
Hartford, Connecticut.
Morgan G. Bulkeley, President.

U. S. Circuit Court of Appeals for the Second Circuit.

NOTASEME HOSIERY COMPANY, Plaintiff,
against

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm Name and Style of R. H. Macy & Company, Defendant.

Know all men by these presents, That we R. H. Macy & Company of New York City as Principals and The Ætna Accident and Liability Company of Hartford, Connecticut, a corporation organized and existing under and by virtue of the laws of the State of Connecticut, duly authorized to transact business in the State of New York, and having an office and usual place of business at No. 100 William Street, in the Borough of Manhattan, City and State of New York, are held and firmly bound unto the above named Notaseme Hosiery Company in the sum of Thirteen thousand five hundred Dollars (\$13,500) to be paid to the said Notaseme Hosiery Company for the payment of which well and truly to be made, we and ourselves, and each of us, our and each of our heirs, executors, administrators, jointly and severally, firmly by these presents, sealed with our seals and dated the 8th day of June in the year of our Lord one thousand nine hundred and fourteen.

Whereas, the above named R. H. Macy & Company has prosecuted

an appeal to the United States Supreme Court to reverse the judgment rendered in the above entitled suit, by the Circuit Court of Appeals for the Second Circuit.

Now, therefore, the condition of this obligation is such, That if the above named R. H. Macy & Company shall prosecute the said appeal to effect and answer all damages and costs, if it fail to make its said appeal good, then this obligation shall be void, otherwise the same shall be and remain in full force and virtue.

R. H. MACY & COMPANY,
By EDMOND E. WISE, *Att'y.*
THE ÆTNA ACCIDENT AND LIABILITY
COMPANY,
By M. A. JAMESON, *Resident Vice President.*

Attest:

J. J. CONATY, *Resident Assistant Secretary.*

Signed and sealed in the presence of:

— — —

STATE OF NEW YORK,

County of New York, ss:

On this — day of June, 1914, before me personally came —
— to me personally known and known to me to be one of the firm
of R. H. Macy & Company described in and who executed the fore-
going instrument and he thereupon acknowledged to me that he
executed the same as and for the act and deed of said firm.

75

STATE OF NEW YORK,

County of New York, ss:

On this 8th day of June 1914, before me personally came M. A. Jameson, to me known, who, by me duly sworn, did depose and say: That he resides in the City of New York; that he is Resident Vice President of the Ætna Accident and Liability Company, the corporation described in, and which executed the within instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; that he signed his name thereto by like order; that he is acquainted with J. J. Conaty; that he knows him to be the Resident Assistant Secretary of said Company; that the signature of said J. J. Conaty, subscribed to said instrument, is in the genuine handwriting of said J. J. Conaty, and was thereto subscribed by like order of said Board of Directors, and in the presence of him, the said M. A. Jameson; and that the liabilities of said Company do not exceed its assets, as ascertained in the manner provided in Chapter 33 of the Laws of 1909, constituting Chapter 28 of the Consolidated Laws of the State of New York, and known as the Insurance Law.

ALFRED J. HOOK,
*Notary Public, Kings Co., N. Y., No. —; Kings
Co. Register No. —; New York Co., N. Y.,
No. —; New York Co. Register No. —.*

At a regular meeting of the Board of Directors of The Ætna Accident and Liability Company, duly called and held on the 28th day of December, A. D. 1911, the following By-Law was adopted:

Article 8—Resident Officers, Attorneys-in-Fact, and Agents.

SECTION 1. The President, any Vice-President or the Secretary may from time to time appoint Resident Vice-Presidents, Resident Assistant Secretaries, Attorneys-in-Fact and Agents to represent and act for and on behalf of the Company, and either the President, any Vice-President, the Secretary or the Board of Directors may at any time remove any such Resident Vice-President, Resident Assistant Secretary, Attorney-in-Fact or Agent, and revoke the power and authority given him.

SECTION 2. Resident Vice-Presidents may, subject to the provisions and limits named in their certificate of authority, sign and execute on behalf of the Company any and all bonds and undertakings and other writings obligatory in the nature of a bond, and may bind the Company thereby as fully and to the same extent as the President or any other Officer could bind it; Such bonds and undertakings, however, to be attested in every instance by a duly appointed Resident Assistant Secretary.

SECTION 3. Resident Assistant Secretaries may, subject to the provisions and limits named in their certificate of authority, affix the seal of the Company to and attest on behalf of the Company any and all bonds and undertakings and other writings obligatory in the nature of a bond, and may bind the Company thereby as fully and to the same extent as the Secretary or any other Officer could bind it; such bonds and undertakings, however, to be signed and executed in every instance by a duly appointed Resident Vice-President.

SECTION 4. Attorneys-in-Fact may, subject to the provisions and limits named in their certificate of authority, execute and deliver and attach the seal of the Company to any and all bonds and undertakings and other writings obligatory in the nature of a bond on behalf of the Company, and any such instrument executed by any such Attorney-in-Fact when attested by any other Attorney-in-Fact shall be as binding upon the Company as if signed, sealed and attested by any Officer of the Company.

STATE OF NEW YORK,

County of New York, ss:

I, J. J. Conaty, Resident Assistant Secretary of the Ætna Accident and Liability Company, have compared the foregoing By-Law with the original thereof, as recorded in the Minute Book of said Company, and do hereby certify that the same is a true and correct transcript therefrom, and of the whole of said original By-Law.

Given under my hand and the seal of the Company, at the City of New York, this 8th day of June 1914.

J. J. CONATY,
Resident Assistant Secretary.

76 The Aetna Accident and Liability Company of Hartford,
Connecticut.*Financial Statement as of December 31, 1913.*

Assets.

Stocks and Bonds.....	\$1,778,265.00
Mortgage Loans (first liens only).....	558,281.25
Cash in Office and Banks.....	234,786.07
Collateral Loans	182,950.00
Premiums in Course of Collection.....	297,364.17
Accrued Interest on investments.....	32,051.91
	<hr/>
	\$3,083,698.40

Liabilities.

Unearned Premium Reserve.....	\$694,206.80
Loss Reserve	110,199.07
Commission Reserve	70,931.17
Other Liabilities	77,321.42
Capital	1,000,000.00
Surplus	1,131,039.94
	<hr/>
	\$3,083,698.40

STATE OF NEW YORK,

County of New York, ss:

J. J. Conaty, being duly sworn, says: that he is Resident Assistant Secretary of The Aetna Accident and Liability Company and that, to the best of his knowledge and belief, the foregoing is a true and correct statement of the financial condition of said Company as of December 31, 1913.

J. J. CONATY.

Subscribed and sworn to before me this 8th day of June, 1914.

ALFRED J. HOOK,

Notary Public.

My Commission expires —.

77 (Endorsed:) Copy. U. S. Circuit Court of Appeals for the Second Circuit. Notaseme Hosiery Company, Plaintiff, against Isidor Straus and Nathan Straus, trading and doing business under the firm name and style of R. H. Macy & Company, Defendant. Bond. Surety: The Aetna Accident & Liability Company. I hereby approve of the within bond as to its form and sufficiency of Surety. Alfred C. Cox, U. S. Cir. Judge. Dated June 8, 1914. Copy. United States Circuit Court of Appeals, Second Circuit. Filed Jun- 8, 1914. William Parkin, Clerk.

78 UNITED STATES OF AMERICA,
Southern District of New York, ss:

I, William Parkin, Clerk of the United States Circuit Court of Appeals for the Second Circuit, do hereby Certify that the foregoing pages, numbered from 1 to 77 inclusive, contain a true and complete transcript of the record and proceedings had in said Court, in the case of Notaseme Hosiery Company, a corporation, etc., against Isidor Straus and Nathan Straus, etc., as the same remain of record and on file in my office.

Testimony Whereof, I have caused the seal of the said Court to be hereunto affixed, at the City of New York, in the Southern District of New York, in the Second Circuit, this 12th day of June in the year of our Lord One Thousand Nine Hundred and fourteen and of the Independence of the said United States the One Hundred and thirty-eighth.

[Seal United States Circuit Court of Appeals, Second Circuit.]

WM. PARKIN, *Clerk.*

79 United States Circuit Court of Appeals for the Second Circuit.

NOTASEME HOSIERY COMPANY, a Corporation. Organized and Created under and by Virtue of the Laws of the State of Pennsylvania, Plaintiff,

against

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm Name and Style of R. H. Macy & Co., Defendants.

Citation.

By the Hon. Alfred C. Coxé, one of the Justices of the Circuit Court of Appeals of the United States for the Second Circuit, to Notaseme Hosiery Company, a corporation, organized and created under and by virtue of the laws of the State of Pennsylvania:

You are hereby cited and admonished to be and appear before the United States Supreme Court to be held in the City of Washington, District of Columbia, on the 6th day of July, 1914, pursuant to an appeal filed in the Clerk's office of the Circuit Court of Appeals of the United States for the Second Circuit wherein Isidor Straus and Nathan Straus, co-partners doing business as R. H. Macy & Co., are defendants and you are plaintiff, to show cause, if any there be, why the judgment in said petition and appeal mentioned should not be corrected and speedy justice should not be done in that behalf.

Given under my hand in the Borough of Manhattan, City of New York, in the Circuit above named, this 8th day of June in the year of our Lord One thousand nine hundred and fourteen, and of the Independence of the United States the One hundred and thirty-eighth.

ALFRED C. COXÉ,
*Judge of U. S. Circuit Court of Appeals
 for the Second Circuit.*

80 [Endorsed:] U. S. Circuit Court of Appeals for the Second Circuit. Notaseme Hosiery Company, a Corporation, etc., Plaintiff, vs. Isidor Straus and Nathan Straus, trading and doing business as R. H. Macy & Co., Defendants. Original Citation. Wise & Seligsberg, Attorneys for defendants, 15 William Street, New York. Service of a copy of within Citation is admitted the 9th day of June, 1914. Jas. H. Griffin, Attorney for Plaintiff. United States Circuit Court of Appeals, Second Circuit. Filed June 10, 1914. William Parkin, Clerk.

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United States Supreme Court.

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm Name and Style of R. H. Macy & Co., Appellants
Defendants Below,

against

NOTASEME HOSIERY COMPANY, Appellee, Complainant Below.

It is hereby stipulated and agreed that a transcript of record filed in the United States Circuit Court of Appeals for the Second Circuit, on the appeal from the District Court of the United States for the Southern District of New York and numbered pages 1 to 274 inclusive, and which was submitted by stipulation as an exhibit to the United States Circuit Court of Appeals for the Second Circuit on the appeal by defendants below from the final decree of Judge Lacombe confirming the report of the Special Master, be printed at length as a physical exhibit in the record to be submitted to the United States Supreme Court in the appeal thereto from the final judgment herein of the United States Circuit Court of Appeals for the Second Circuit and in the application for a Writ of Certiorari to review the said final judgment.

Dated, New York, June 24th, 1914.

EDMOND E. WISE,

Solicitor for Appellants, Defendants Below.

JAS. H. GRIFFIN,

Solicitor for Appellee, Complainant Below.

82 United States Circuit Court of Appeals for the Second Circuit.

NOTASEME HOSIERY COMPANY, Complainant-Appellant,

vs.

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business
under the Firm Name and Style of R. H. Macy & Company.
Defendants-Appellees.

Transcript of Record.

Appeal from the District Court of the United States for the Southern
District of New York.

Printed under the direction of the clerk.

82½ *Bill of Complaint.*

In the United States Circuit Court for the Southern District of New
York.

In Equity.

NOTASEME HOSIERY COMPANY, a Corporation, Organized and Cre-
ated under and by Virtue of the Laws of the State of Pennsyl-
vania, Complainant,

vs.

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business
under the Firm Name and Style of R. H. Macy & Co., Defend-
ants.

To the Honorable the Judges of the Circuit Court of the United
States for the Southern District of New York, in Chancery sit-
ting:

Notaseme Hosiery Company, a corporation duly organized and
existing under and by virtue of the laws of the State of Pennsylvania
and having its principal place of business in Philadelphia, State of
Pennsylvania, brings this its bill of complaint against Isidor Straus
and Nathan Straus both of New York, State of New York,
83 and trading and doing business under the firm name and
style of R. H. Macy & Co., both citizens of and inhabitants
within the State of New York and having and maintaining a regular
and established place of business at 1317 Broadway, in New York
City, New York, in the Southern District of said State of New
York.

And thereupon your orator complains and says:

I. That your orator, Notaseme Hosiery Company, was incor-
porated under the laws of the State of Pennsylvania on or about the
8th day of May, 1909, as the successor in business of and to take
over the business of The Milander-Newman Company, a corporation
created under the laws of the State of New York, and doing busi-

ness in New York City, New York, and Philadelphia, Pennsylvania in the manufacture of hosiery and that at the time of its incorporation it did take over and acquire by proper bill of sale, assignments and deeds of conveyance, all right, title and interest in to said business of The Milander-Newman Company and in all its trade-marks, labels, copyrights, prints and forms of advertisements and particularly all the good will of the said The Milander-Newman Company, in the manufacture and sale of said hosiery and in the exclusive use of the design, material and texture of the same, which business, good will and exclusive rights and franchises of said The Milander-Newman Company were of great value.

II. Your orator further shows unto your Honors that since on or about May 10, 1909, it has been located and has maintained a regular and established place of business at Philadelphia, Pennsylvania and during the period since said May 8, 1909, it has been continuously engaged in the manufacture and sale of hosiery, which has come to be known by an arbitrary sign affixed thereto in the form of a definitely colored fanciful polygonal design and by the investment of a large amount of capital in the business of making and selling said hosiery and in advertising the same, your orator has established a valuable reputation for the same, the demand for which has speedily increased until its sales now amount to about three hundred thousand dollars annually.

III. And your orator further shows unto your Honors that the hosiery manufactured by your orator and particularly that hosiery designated by the aforesaid fanciful polygonal design, has acquired a high reputation in the market of the United States and elsewhere, which reputation they have continued to enjoy up to the present time, with the exception of the invasions of its rights herein referred to; that by reason of its superior quality as compared with similar priced goods and of the diligent efforts of your orator, there has been established and now exists in the United States and elsewhere, a very large and profitable business in the manufacture of said hosiery, which is a great source of profit.

IV. And your orator further shows unto your Honors that the said hosiery has been dispensed in boxes or cartons, each box or carton having a label on an end thereof, and other printed cards and bands therein, the predominating feature of which is a polygonal figure having a diagonal band across the same forming panels above and below the same which are colored red while the band is black.

V. And your orator further shows unto your Honors that its predecessor The Milander-Newman Company, first published and employed the design of a polygonal figure composed of upper and lower panels in red and intermediate diagonal bar in black, on or about September, 1907, and has used the said boxes and cartons in its trade continuously since on or about the first day of November, 1907.

85 placing "Notaseme" hosiery therein and having a label attached thereto and displaying a figure with a diagonal black band across the same and upper and lower panels which are red in color and the public has come to know and recognize the said carton and said trade-mark as indicating origin and the fact that

the Notaseme Hosiery bearing such trade-mark designation or anything similar thereto of any color or imitation thereof, was made by your orator and that by the long continued use thereof the rights in said trade-mark and in said carton and product have become valuable property rights of your orator and have become a protection to the purchasers of hosiery made by your orator and have constituted means by which said purchasers have been able to distinguish hosiery boxed, dressed and labelled as above described as being made by your orator, and distinguished from hosiery sold on the market by other manufacturers; and that your orator is entitled not only to the exclusive use of the said mark and cartons, but to recompense for damages and profits which have resulted or accrued from the infringement and unlawful use of your orator's rights in the premises.

VI. And your orator further shows unto your Honors that The Milander-Newman Company has caused such trade-mark to be registered in accordance with the recent statutes of the United States, enacted February 20, 1905, and in accordance with the rules made and provided in the Patent Office of the United States, as will appear by certificate of such registration No. 73,597, registered May 4, 1909, upon an application filed December 14, 1907, the essential feature of which trade-mark consists of the arbitrary polygonal figure, having a diagonal band forming upper and lower panels in red, as by said certificate of registration, duly signed by the Commissioner of Patents and Issued under the seal of the Department of the Interior, or duly authenticated copy thereof, in court to be produced, will more fully and at large appear. A copy of said trade-mark is hereto annexed and marked "Exhibit 1."

86 VII. And your orator further shows unto your Honors that subsequent to the registration of said trade-mark in the United States Patent Office and prior to the commencement of this suit, the said The Milander-Newman Company did, by an instrument in writing, dated May 8th, 1909, duly executed and delivered in due form of law, sell and transfer and set over all the right, title and interest in and to the said trade-mark unto the Notaseme Hosiery Company, your orator, its successors and assigns, by which assignment your orator became the sole owner of all rights and privileges granted and secured or intended to be granted and secured in and to the said trade-mark, as by said assignment or a duly certified copy thereof here in court to be produced and shown to your Honors, will more fully and at large appear.

VIII. And your orator further shows unto your Honors that the said fanciful polygonal figure having the word "Notaseme" thereon was first used by the predecessor of your orator on or about September 1st, 1907, and has since been continuously used by your orator and is now its exclusive right and that said trade-mark No. 73597 is adapted to be and has been used by your orator in connection with Notaseme hosiery continuously since on or about September 1, 1907, in commerce between the different States of the United States and particularly between Pennsylvania and the various States of the United States including New York, and that the said hosiery to which the said trade-mark has been continuously and is being ap-

plied by your orator is of superior quality to other makes sold at the same price and that your orator has expended five thousand dollars in street car advertising in New York and that the sales thereof amount at the present time to about three hundred thousand dollars worth yearly and the said trade-mark is valued at not less than fifteen thousand dollars.

87 IX. And your orator further shows unto your Honors that your orator's exclusive right in the premises are of good value in its business, and that the defendants' acts and doings mentioned in the infringement of your orator's rights have caused your orator great and irreparable loss and injury; that the amount of said direct damage and injury to your orator, as your orator believes, amounts to more than two thousand dollars, exclusive of interest and costs, and your orator believes, if continued, will amount to many thousands of dollars.

X. And your orator further shows unto your Honors that the defendants, well knowing your orator's exclusive trade-mark and common law rights which it has acquired by long custom and practice and by dressing its goods in distinctive character and dress, the defendants herein in violation of your orator's said rights, well knowing the premises and the wrong and injury they are doing unto your orator and with fraudulent and wrongful intent to injure your orator and deprive it of its just gains and to deceive and confuse the public and buyers as to this said hosiery, have placed for sale and sold within the Southern District of New York, subsequent to the adoption by the complainant and its predecessor and subsequent to the registration of the fanciful polygonal trade-mark aforesaid on May 4, 1909, and prior to the filing of this bill, and are now selling in the City of New York, County of New York, in the Southern District of New York, State of New York, and elsewhere in the United States and in interstate trade, a hosiery which the defendants call "Irontex," that this is put up in boxes dressed and labelled in substantially and almost identically the same as your orator's cartons and boxes aforesaid containing hosiery dressed in imitation of your orator's Notaseme hosiery and having a label thereon in imitation of your orator's, the same consisting of a symbol or polygonal figure composed of a diagonal band colored black and having above and below the same panels colored red.

88 XI. And your orator further shows unto your Honors that defendants have since on or about the Spring of 1908 sold stockings in packages having thereon a label with a black diagonal bar and upper and lower panels in imitation of your orator's label and trade-mark, and that the same is not likely to be distinguished by the casual purchaser from your orator's genuine label and by any ordinary person is not distinguished therefrom until after the sale has been completed, if at all, wherefore, said defendants are enabled to confuse and deceive the purchasers and mislead them into purchasing stockings as and for your orator's genuine article; whereby your orator is unjustly deprived of large sums of money which it would otherwise receive from the manufacture and sale of said Notaseme hosiery, wherefore your orator's business and the character and repu-

tation of the Notaseme hosiery are greatly injured and the sales greatly reduced to the loss of your orator. That defendants have on hand large quantities of said stockings and boxes and printed matter aforesaid which they intend and are about to put upon the market for sale and which, if done, would cause a very great injury to your orator and that unless the said defendants are speedily restrained, pendente lite, from further continuing their wrongful doings your orator would be irreparably injured in the capital, business, trade-marks and otherwise which it has invested in said business.

XII. And your orator further shows that the sale of said hosiery of the defendants herein complained of and the dispensing of the same in the box, complained of, and dressed in simulation of your orator's box, having the fanciful polygonal figure thereon with a black diagonal bar forming upper and lower panels, constitutes a competition in business and trade which is inequitable and unlawful and has necessarily had the effect of causing the sale or substitution of the hosiery of the defendants for the genuine Notaseme hosiery of your orator to its great injury and to the injury of the public; and that such action of the said defendants constitutes a species of illegal, unjust, immoral and inequitable conduct which courts of equity have classed as "Unfair Competition in Trade" and are in fact illegal, immoral and unjust and are intended to defraud the public and the trade in utter disregard of your orator's exclusive rights in the premises and are to the great and irreparable wrong and injury of your orator.

XIII. And your orator further shows unto your Honors that said defendants although requested to, refuse to desist from using your orator's trade-mark and from dispensing its goods in cartons or boxes, dressed to simulate your orator's rights with respect to the trade-mark, the carton and the dressing and labelling thereof, and the contents thereof and still refuses to account for and pay over to your orator the gains and profits unlawfully made by said defendants.

XIV. And your orator further shows unto your Honors that the defendants Isidor Straus and Nathan Straus, both of New York, State of New York, maintain a regular and established place of business at 1317 Broadway in New York City, Southern District of New York and that they trade and do business under the firm name and style of R. H. Macy & Co., which is not incorporated, but which under said name has a regular and established place of business at the address aforesaid and complainant and defendants are of diverse citizenship.

XV. And your orator further shows unto your Honors that it has notified the public of its exclusive rights under said trade-mark by placing thereon, upon the outside of the carton or box, as sold, the usual characters and abbreviations as by the statute directed to indicate to the public the registration of the said trade-mark in the proper department of the United States Government, complying with the statute in that case made and provided.

XVI. And your orator further shows that by reason of the premises, it has acquired with respect to the said trade-mark and common law rights, certain rights which can only be protected by a Court of Chancery, as against the unlawful intrusion of the defendants and the use thereby of cartons and boxes simulating those of your orator, which rights your orator prays may be protected as hereinafter more especially prayed, since your orator has no adequate remedy at law.

XVII. In consideration whereof and for as much as your orator can have no adequate relief only in this honorable court where matters and doings of this sort are recognizable and relievable and to the end that defendants may, if they can, show cause why your orator should not have the relief hereby prayed, and to the best and utmost knowledge and remembrance information and belief, true, full, direct and perfect answer make, but not under oath (answer under oath being hereby expressly waived) all and singular the matters herein stated and that they may be required to discover and disclose the whole number of hose, of boxes or cartons and of printed matter containing or embodying the fanciful polygonal figure or any simulation thereof, which they have made or sold or to be made and sold and what they have on hand or under their control directly or indirectly and may be decreed to account for and pay over unto your orator all gain and profits directly or indirectly made by them from the unlawful use of said infringing trade-mark and pay to your orators the damages and losses sustained by reason thereof as well as the costs of this suit to be taxed, and may be compelled not only to desist from further infringing your orator's exclusive trade-mark and common law rights but also to destroy or to deliver to your orator to be destroyed all hosiery, labels, wrappers, boxes, stationery, stencils and other articles embodying or containing the infringing fanciful polygonal figure, or any simulation thereof infringing your orator's said rights or used in unfair competition in trade with your orator, your orator therefore prays:

1. That the defendants may be required to answer the premises.
2. That the defendants pay the costs of this suit.
3. That said defendant may be required to render, before a Master of this honorable court, an account of the number of spurious or imitation hose and the number of cartons or boxes of said spurious or imitation hose sold by it, as aforesaid, and a full, true, perfect and complete account of all gains and profits diverted from your orator or made by the wrongful and unlawful use of the trade-mark the fanciful polygonal figure, or by the sale of cartons or boxes upon or in connection with which the said trade-mark shall have been unlawfully used and may be decreed to pay over to your orator all such gains and profits from the aforesaid unlawful acts of said defendants and all such gains and profits as your orator would have received but for the unlawful acts of said defendants and deliver up to your orator all such boxes, packages, advertising matter and literature of every description, bearing the fanciful polygonal figure having a black diagonal bar thereon forming upper and lower panels now in defendants' possession or use.

XVIII. That the defendants be enjoined and restrained provisionally, as well as perpetually, from committing any of the acts herein complained of, or any other act consisting in unlawful competition in trade.

IX. That the defendants, their officers, attorneys, employees, agents, successors and associates in business be enjoined and restrained pendente lite, as well as perpetually, by the order and injunction of this honorable court, specifically from directly or indirectly using or causing to be used, making or causing to be made, selling or causing to be vended, giving away, loaning or otherwise disposing of:

(g) Any hosiery put up in cartons or boxes having a fanciful polygonal figure thereon having a black diagonal band across the same forming upper and lower panels, which latter are colored red.

(h) Any hosiery put up in cartons or boxes having a label or labels, cards, etc., within *having* a fanciful polygonal figure thereon having a black diagonal band across the same forming panels, which latter are colored red, and a symbol in script on the black diagonal band.

(i) Any hosiery which is furnished in response to request for or ordered as Notaseme hosiery.

(j) Any catalogues, price lists, letters, labels, packages, wrappers, cards, notices or other literature or advertising matter employing a fanciful polygonal figure having a diagonal band thereon forming upper and lower panels in red or any near resemblance thereto.

From in any manner holding out to the public or representing directly or indirectly that the defendants or any of them are associated with your orator or are manufacturing or selling your orator's well known Notaseme hosiery or any duplicate thereof.

(f) Any your orator prays that it may have such other and further relief as to this honorable court shall seem meet and as shall be agreeable to the course and principles of equity, and as if it had been specifically herein prayed.

May it please your Honors to grant unto your orator the writ of injunction as well provisionally as perpetually, issuing out of and under the seal of this Honorable Court, commanding, enjoining and restraining said defendants Isidor Straus and Nathan Straus, trading and doing business under the firm name and style of R. H. Macy & Co., their officers, attorneys, employees, servants, workmen, successors and associates in business, as your orator has hereinbefore

prayed. May it please your Honors to grant unto your orator the writ of subpoena ad respondendum, issuing out of and under the seal of this honorable court directed to the said defendants Isidor Straus and Nathan Straus, trading and doing business under the firm name and style of R. H. Macy Co., commanding them by a day certain and certain penalty to be and appear in this honorable court then and there to answer the premises and to abide by and perform such

orders and decrees in the premises as to the court shall seem meet and be required by the principles of equity and good conscience.

And your orator will ever pray.

NOTASEME HOSIERY CO.,
By A. W. NEWMAN, *Treasurer*.

Attest:

MAURICE T. FLEISHER, *Secretary*.

D. FRANK LLOYD,

Solicitor for Complainant.

ROBERT M. BARR,

E. HAYWARD FAIRBANKS,

Of Counsel for Complainant.

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Affidavit—Arthur W. Newman.

STATE OF PENNSYLVANIA,

County of Philadelphia, ss:

A. W. Newman, being duly sworn, deposes and says that he is Treasurer of the Notaseme Hosiery Company, the complainant named in the foregoing Bill of Complaint; that he has read the same and knows the contents thereof, and that the same is true of his own knowledge, except as to matters therein alleged on information and belief, and as to those matters he believes it to be true; and that the title as set forth in said Bill of Complaint is true.

A. W. NEWMAN.

Sworn to and subscribed before me this 30th day of July, A. D. 1910.

C. D. McVAY,
Notary Public.

[SEAL.]

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Præcipe for Subpœna.

In the United States Circuit Court, Southern District of New York.

In Equity.

NOTASEME HOSIERY COMPANY, a Corporation Organized and Created under and by Virtue of the Laws of the State of Pennsylvania, Complainant,

vs.

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm-name and Style of R. H. MACY & Co., Defendants.

Præcipe for Subpœna.

John A. Shields, Esq., Clerk Circuit Court, Southern District of New York.

You will please issue a subpœna to the defendants, Isidor Straus and Nathan Straus, trading and doing business under the firm name

l style of R. H. Macy & Co., in the above entitled cause, return-
e on the fifth day of September, 1910.

Dated August 4th, 1910.

P. FRANK LLOYD,
Solicitor for Complainant.
ROBERT M. BARR,
E. HAYWARD FAIRBANKS,
Counsel for Complainant.

Stipulation.

uit Court of the United States, Southern District of New York.

In Equity.

NOTASEME HOSIERY COMPANY, Plaintiff,
against

OR STRAUS and NATHAN STRAUS, Trading and Doing Business
nder the Firm-name and Style of R. H. MACY & Co., Defend-
nts.

is hereby stipulated and agreed by and between the attorneys
the respective parties herein that the time of the defendants to
their answer be and the same hereby is extended to the November
e Day.

ated, September 26th, 1910.

E. HAYWARD FAIRBANKS,
Plaintiff's Attorney.
WISE & SELIGSBERG,
Att'ys for Defendants.

Stipulation.

uit Court of the United States, Southern District of New York.

In Equity.

NOTASEME HOSIERY COMPANY, Plaintiff,
against

OR STRAUS and NATHAN STRAUS, Trading and Doing Business
nder the Firm-name and Style of R. H. MACY & Co., Defend-
ts.

is hereby stopulated and agreed by and between the attorneys
the respective parties herein that the time of the defendants to
their answer be and the same hereby is extended to November
1910.

ted, November 4, 1910.

E. HAYWARD FAIRBANKS,
Plaintiff's Attorney.
WISE & SELIGSBERG,
Defendants' Attorney.

98

Replication.

In the United States Circuit Court for the Southern District of New York.

In Equity.

NOTASEME HOSIERY COMPANY, Complainant,

VS.

ISADOR STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm-name and Style of R. H. MACY & Co., Defendants.

Replication.

The Replication of the Above-named Complainant to the Answer of the Above-named Defendants.

This repliant, saving and reserving unto itself, all and all manner of advantage of exception to the manifold insufficiencies of the said Answer, for replication thereunto, says that it will aver and prove its said Bill to be true, certain and sufficient in the law to be answered unto; and that the said Answer of the said defendants is uncertain, untrue and insufficient to be replied unto by this repliant; without this, that any other matter or thing whatsoever in the said Answer contained, material or effectual in the law to be replied unto, confessed and avoided, traversed or denied, is true; all which matters and things this repliant is and will be ready to aver and prove, as this Honorable Court shall direct, and humble pray- as in and by its said Bill it has already prayed.

Nov. 21, '10.

D. FRANK LLOYD,
Solicitor for Complainant.

100

Order.

In the United States Circuit Court, Southern District of New York.

In Equity.

NOTASEME HOSIERY COMPANY, Complainant,

VS.

ISADOR STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm-name and Style of R. H. MACY & Co., Defendants.

Order.

On this 10th day of December, 1910, it is ordered
That C. D. McVay, a Notary Public, in and for the City and County of Philadelphia, State of Pennsylvania, be appointed Special Examiner for the purpose of taking the testimony of certain wit-

esses produced in behalf of complainant, the said testimony to be taken pursuant to Equity Rule 67, as amended.

E. H. LACOMBE,
U. S. Judge.

Notice.

Circuit Court of the United States for the Southern District of New York.

In Equity. No. —.

NOTASEME HOSIERY COMPANY, Complainant,
vs.

ADOR STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm-name and Style of R. H. MACY & Co., Defendants.

Please Take Notice, That we shall proceed to take proofs for final hearing on the part of the complainant under the 67th Rule of the Supreme Court for Courts in Equity, as amended, and in accordance with the statutes in such cases made and provided, and in pursuance of the rules and practice of this Court, before C. D. McVay, a Notary Public, under said statutes and rules at the office of Wiedersheim & Fairbanks at 1232 Chestnut Street, on the 12th day of January, 1911, at 10.30 o'clock in the forenoon.

We desire the evidence to be adduced in this cause to be taken orally.

You are invited to attend and cross-examine the witnesses produced. The examination will be adjourned to such time and place as may be required, without further notice.
Dated, December 30, 1910.

Very respectfully,

ROBERT M. BARR,
E. HAYWARD FAIRBANKS,
Counsel for Complainant.

Messrs. Wise & Seligsberg, Counsel for Defendants:

The following are the names and residences of the witnesses to be examined under the foregoing notice:

W. Newman and others, residing at Philadelphia, Pa.

The receipt and timely service of the above notice is hereby admitted, this 12th day of January, 1911.

EDMOND E. WISE,
Counsel for Defendants.

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Stipulation.

In the United States Circuit Court, Southern District of New York.

In Equity.

NOTASEME HOSIERY COMPANY, Complainant,

vs.

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm Name and Style of R. H. Macy & Co., Defendants.

PHILADELPHIA, PA., January 2, 1911.

Evidence for Final Hearing Taken on Behalf of this Complainant under the 67th Rule in Equity as Amended before C. D. McVay, an Examiner Duly Appointed by this Court, at the Offices of Widersheim and Fairbanks, 1232 Chestnut Street, Philadelphia, Pa.

Met pursuant to notice.

Present:

E. Hayward Fairbanks, Esq., and Robert M. Barr, Esq., Counsel for Complainant.

Edmond E. Wise, Esq., Counsel for Defendants.

In the above entitled case for the purpose of saving expense and in order to facilitate the taking of testimony, it is hereby
104 stipulated and agreed by and between the counsel for the above-named defendants and counsel for the above-named defendants and counsel for the above-named complainant as follows:

First. Each of the parties to this suit hereby gives and accepts notice that the evidence of witnesses examined in the cause shall be adduced orally, pursuant to the 67th Rule as amended; provided always that testimony may be taken orally in a proper case, *de bene esse*, pursuant to the statute in such case made and provided.

Second. That exhibits offered by either party may be safely kept and retained, after being duly marked, by the party offering the same, to be produced at the final hearing of the suit, including appeals, and also to be produced on reasonable written notice by either party to the other, upon any hearing or examination, and each party shall be allowed to take copies of any documentary exhibits, and furthermore, said exhibits shall be duly fixed at or before any hearing before the Court, subject always to the orders or directions of the Court with reference to said exhibits.

Third. That the usual uncertified printed copies of registered trade-marks may be offered as exhibits in evidence with the same force and effect as if duly certified in the manner provided by law, subject, however, to comparison with and correction by duly certified

copies; provided always that all just objections, and exceptions which may be made or taken to the relevancy, competency and materiality of such patents are saved and reserved.

Fourth. That each party shall furnish to the other a copy of all its oral testimony taken.

Fifth. That said testimony shall be taken, as far as practicable, upon a typewriter or stenographically and copies taken thereof at the time of the testimony.

105 Sixth. That each party may retain its own original testimony and exhibits until the hearing of the case, such exhibits, however, being subject at all times to the examination of the opposite party.

Seventh. That each party in having its record printed shall have the same printed to comply with the rules of the Circuit Court of Appeals for this Circuit, and shall have a sufficient number printed and preserved to supply the number required by the Appellate Court, and the same shall be furnished to the appellant by the appellee without additional charge beyond the first cost of printing for use in the court below, it being the purpose to make provision for taxing the actual cost of printing such records but once.

Eighth. That the parties complainant and defendant are correctly described in the first paragraph of the Bill of Complaint herein.

Ninth. That prior to the filing of the Bill of Complaint here and subsequent to the date of registration of the trade-mark 73,597, the defendants have placed for sale and sold as a continued act within the southern district of New York, hosiery put up in boxes, dressed and labelled like object marked "Complainant's Exhibit, Defendants' Box."

Complainant's counsel offers in evidence a copy of trade-mark No. 73,597, granted to The Milander-Newman Co., and registered May 14th, 1909, and requests the Notary to mark the same "Complainant's Exhibit, Trade-Mark in Suit."

Complainant's counsel offers in evidence a box and contents and requests the Notary to mark the same "Complainant's Exhibit, Complainant's Box."

Complainant's counsel offers in evidence a box and contents and requests the Notary to mark the same "Complainant's Exhibit, Defendants' Box."

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William Keefe.

And thereupon WILLIAM KEEFE, a witness produced on behalf of the complainant and having been duly sworn, testifies in answer to interrogatories propounded to him by Mr. Barr, as follows:

Q. 1. Please state your name, age, residence and occupation?

A. William Keefe, 37 years, New York City, N. Y., representative of the Notaseme Hosiery Company.

Q. 2. In what way do you represent them?

A. I solicit business for this company in New York City and its immediate vicinity.

Q. 3. How long have you been with this company in this capacity?

A. About two years.

Q. 4. What line of goods do you handle?

A. The output of the factory, half-hose, and women's and children's hosiery.

Q. 5. I now show you an exhibit marked "Complainant's Exhibit, Defendants' Box" and ask you to state what it is and whether or not you have ever seen it before?

A. This is a box labelled "Irontex" hosiery and contains two pairs of "Irontex" stockings with a band around the stockings, which I purchased in Macy's store, at Thirty-fourth and Broadway, New York City.

Q. 6. When was your attention first directed to hosiery put up like the exhibit just shown you and what were the circumstances?

A. About a year and a half ago I heard of it from parties with whom I was doing business and from various friends and I also saw a display of the goods in one of the windows of the store.

By Mr. WISE: I move to strike out what the witness states he heard on the ground that it is hearsay and incompetent.

107 Q. 7. Please state, Mr. Keefe, whether or not you visited the store of R. H. Macy & Co., and saw any of this "Irontex" hosiery displayed and if so, please state the facts as you saw them?

A. I visited the store several times and have seen the hosiery displayed and have also seen boxes similar to the exhibit and labelled like the exhibit on the counters and on the shelves back of the counters.

Q. 8. Will you please state whether or not your sales have been effected in any way by the display of and sale of this "Irontex" hosiery and if so, state any instances, if you know any.

By Mr. WISE: Objected to as incompetent and calling for a conclusion of the witness.

A. They have. The display has been noticed by several people and people whom I know have told me that they purchased the stockings under the impression that they were "Notaseme" stockings. They have also told me that they believed they were buying the stockings manufactured by the company which I represent.

By Mr. WISE: I note to strike out the answer in so far as it repeats what other people say or what is told to the witness on the ground that it is hearsay, incompetent, irrelevant and immaterial.

Q. 9. Are you interested, Mr. Keefe, in any way in the outcome of this suit?

A. No.

Direct examination closed.

Cross-examination by Mr. WISE:

108 X Q. 10. You are salesman for the plaintiff in this case?
A. Yes.

X Q. 11. Do you sell at retail?
A. No.

X Q. 12. Do you sell to retailers only in wholesale quantities?

A. Yes.

X Q. 13. Do you sell to any of the department stores in New York?

A. Yes.

X Q. 14. In the Borough of Manhattan?

A. Yes.

X Q. 15. Will you please state to what department stores you sell these goods?

A. I sell to Greenwald Bros., Eighty-seventh Street and Third Avenue, in the Borough of Manhattan, in the Borough of Brooklyn, A. I. Namm & Sons, Fulton Street, to H. Batterman & Co., Broadway, Brooklyn, and to Jacob Stern Sons, Greenpoint, Long Island.

X Q. 16. The only store in New York City, proper, Borough of Manhattan, is Greenwald's?

A. That is all.

X Q. 17. In order to avoid any misapprehension I am not asking where the goods of the plaintiff are sold in New York but to what retail stores you really sell these goods, in the Borough of Manhattan?

A. In the Borough of Manhattan, Greenwald Bros. is the only store which I personally would class as a department store.

X Q. 18. And they are Third Avenue near Eighty-seventh Street?

A. Yes.

X Q. 19. Have they got many departments?

A. I judge they have about twenty or twenty-five departments.

X Q. 20. Have they a large place?

A. They have three floors.

109 X Q. 21. Where is your office when in New York?

A. 614 One Hundred and Fifty-Seventh Street.

X Q. 22. When did you buy the box marked "Complainant's Exhibit, Defendants' Box?"

A. I could not tell you the exact date without refreshing my memory by the slip which is in this box.

X Q. 23. You refer to this sales slip?

A. That is April 12th, 1909.

X Q. 24. Was that the first time that you had bought such a box at Macy's?

A. Yes.

X Q. 25. Was that the first time you were at Macy's store for the purpose of buying hosiery?

A. I can't recall that this was the first time I went to Macy's for the purpose of buying hosiery. I have been in Macy's many times.

X Q. 26. What was the first time that you went for the purpose of looking at the "Irontex" hosiery?

A. I can't recall whether it was two days or ten days or how many days before that time, or weeks.

X Q. 27. Do you think it was many weeks before then?

A. That I could not say now.

X Q. 28. You went there for the express purpose of looking at "Irontex" goods, did you not?

A. On occasions, yes.

X Q. 29. On what occasions?

A. After I had heard that they were offered there.

X Q. 30. That made an impression on your mind, when you heard that?

A. Yes.

X Q. 31. And you went for the express purpose of satisfying yourself as to the similarity between the Notaseme and the Iron packages?

A. Yes. I went for the purpose of satisfying myself first whether or not Macy's had any Notasemes. I knew the large account 110 that handled the Notaseme and then also learned later that the stockings purchased were not Notasemes and I wanted to see the labels that looked so much like ours.

X Q. 32. You went there for the express purpose of ascertaining something in connection with your business and not as a customer?

A. Yes.

X Q. 33. Can you tell with approximate accuracy, when you first made that visit?

A. About the time I made that purchase.

X Q. 34. In answer to my previous questions you said it might have been days or weeks, was it days or was it weeks?

A. That I could not say.

X Q. 35. It makes no impression on your mind?

A. The exact date of my first visit is not impressed on my mind.

X Q. 36. You considered that visit of some importance, did you not?

A. I considered it important in the fact that there was a striking resemblance and to me an apparent copy of our label and that was the only fact that impressed itself upon my memory.

X Q. 37. And you considered that of importance?

A. Yes.

X Q. 38. And did you not immediately thereupon buy a box of hosiery labelled as the exhibit is labelled?

A. I believe I did.

X Q. 39. And is this the box you then bought, referring to the exhibit?

A. I am not sure on that point.

X Q. 40. Are you sure that was in 1909, that box was purchased?

A. I could not be sure to that point without referring to data.

X Q. 41. Will you look at the slip that refreshed your 111 recollection before and state whether that will give you any information?

A. It does not give me any information. It only gives information as to month and date.

Defendants' counsel marks the slip referred to for identification "Exhibit A."

X Q. 42. This box that is produced and is marked "Complainant's Exhibit, Defendants' Box" is in the identical condition, so far as labels and wrappers are concerned, as when you bought it?

A. It was wrapped up in the regular wrapping paper of the R. H. Macy Company, when delivered to me.

X Q. 43. Outside of the paper wrapper it is in the identical condition as to when you bought it as to wrappers, labels and advertisements?

A. As far as I can see, yes.

X Q. 44. Is there any reason for you to doubt it?

A. None whatever.

X Q. 45. Has it been in your possession since that time?

A. No.

X Q. 46. Since when has it not been in your possession?

A. I gave it to Mr. Newman of the Notaseme Hosiery Company.

X Q. 47. As far as you can tell it is identical with the condition in which it was when you purchased it?

A. Yes.

X Q. 48. When you purchased this box did you ask for Notaseme hosiery?

A. Yes.

X Q. 49. And what was the answer?

A. I don't recall.

X Q. 50. Did they say they had it or kept it?

112 A. I won't attempt to repeat the conversation on that particular date, but I don't recall the conversation.

X Q. 51. Well then you don't remember whether you called for Notaseme hosiery?

A. I do know that I asked for Notaseme hosiery.

X Q. 52. At Macy's?

A. Yes.

X Q. 53. And what reply did you get when you asked for Notaseme hosiery?

A. The girl asked what size.

X Q. 54. And then what happened? Why do you hesitate?

A. My difficulty is in separating the occasions.

X Q. 55. Can you fix the number of times you were there to ask for Notaseme hosiery?

A. I was there three times.

X Q. 56. When was the first time?

A. About the time my attention was called to this label as it appeared.

X Q. 57. To the "Irontex" label?

A. Yes.

X Q. 58. And you went in and asked for Notaseme socks?

A. Yes.

X Q. 59. And did you get any Notaseme socks?

A. No.

X Q. 60. The second time that you went to get Notaseme socks what happened then?

A. I believe it was at this time that I made the purchase of the box as shown in the exhibit.

X Q. 61. What happened?

A. I bought them.

X Q. 62. Did you ask for Notaseme socks?

A. On that occasion I think I simply indicated a box with two pairs of stockings in and said I want those.

113 X Q. 63. Was it at that time that the girl asked you what size?

A. No.

X Q. 64. Were these boxes of hosiery stacked behind the counter or lying on the counter?

A. On the counter.

Adjourned until 2 o'clock P. M.

X Q. 65. That was the second occasion that you went to Macy's for that purpose?

A. I don't recall exactly what happened at any particular one of these cases.

X Q. 66. On the occasion that you bought the box of socks which is in evidence, you merely pointed out the box that you wanted?

A. Yes.

X Q. 67. You did not ask for Notaseme socks?

A. I don't think I did so then.

X Q. 68. I understood you to say that you knew that Macy's did not sell the Notaseme hosiery at the time that you first went there?

A. Yes.

X Q. 69. Why did you ask for Notaseme hosiery then?

A. I don't recall the first time that I did ask for Notaseme hosiery.

X Q. 70. Do you recall the second time whether you called for Notaseme hosiery?

A. I don't recall the particular time.

X Q. 71. Well, I asked you before whether you could fix the number of times that you went to Macy's to ask for Notaseme hosiery and you said I was there three times. You did not then mean to say that you went there three times to call for Notaseme hosiery?

114 A. I went there three times for some purpose at least three times.

X Q. 72. You did not call three times for Notaseme hosiery?

A. I cannot say whether I did or did not.

X Q. 73. At the time that you bought the box of hosiery in evidence you did not ask for Notaseme hosiery?

A. I did not.

X Q. 74. And on the other occasion that you called you did not buy any hosiery at Macy's?

A. Yes, I did.

X Q. 75. What did you buy?

A. I don't recall, one pair of socks or more, that I don't recall.

X Q. 76. What kind of socks did you buy?

A. At the time I made these the details were all fresh in my mind, but I could not say just now.

X Q. 77. Did you buy Irontex?

A. That I could not say.

X Q. 78. Do I understand you correctly, Mr. Keefe, that you went to Macy's on three separate occasions for the express purpose of seeing the labels that Macy & Co., used on their socks and that on at least one of these occasions you bought some socks but do not recollect whether it was the "Irontex" sock or not?

A. Yes.

X Q. 79. Did you examine the labels on that occasion of the socks sold by Macy?

A. Yes.

X Q. 80. Did you ask for Notaseme socks on that occasion?

A. I don't think I did on the occasion when I bought the box.

X Q. 81. But you refer to another occasion where you bought some other socks than the ones in the box and which are in evidence. Did you on that other occasion ask for Notaseme socks?

A. Yes, I believe so.

X Q. 82. And what answer was given?

A. At the time I reported the entire transaction to the company and I don't recall the full conversation just now.

X Q. 83. Mr. Keefe, you went to Macy's at the instance of your employer and for the purpose of investigating the sale of hosiery by Macy and Company but don't remember at the present time any further conversation than that you asked for Notaseme socks?

A. I recall parts of the conversation but my recollection is not complete now.

X Q. 84. Don't you recollect, as a matter of fact, that you were told that Macy did not sell Notaseme socks?

A. I don't recollect any particular information on that point.

X Q. 85. Were you told that they did sell Notaseme socks?

A. Yes, I was told that they did sell the socks which I represented.

X Q. 86. What do you mean by that?

A. People came to me in the beginning and said I see your socks Macy's.

X Q. 87. The shop girl told you that?

A. No, friends of mine told me that.

X Q. 88. What has that answer to do with the question that I asked you what Macy's employees had answered, in response to your question for Notaseme hosiery?

A. Your question was "were you told that they did sell Notaseme socks?"

X Q. 89. In answer to your inquiry for Notaseme socks?

A. The details of that conversation I do not recall.

X Q. 90. And you have at the present moment no recollection at any time whether any employee of Macy's whom you asked for Notaseme socks told you, regarding the sale or non-sale of them by Macy Co.?

A. No specific recollection.

X Q. 91. I would ask you to explain what you mean by "specific recollection?"

A. My recollection of my visits to Macy's is general. I was in cor-

A. Very well known.

COMPLAINANT'S COUNSEL: Objected to as leading.

Q. 35. Coming back to the Irontex goods at R. H. Macy & Company's, please state, as nearly as you can remember, the date when the name was adopted, when the goods were first put upon the market and the labels and boxes in which they were first put upon the market?

A. May I see the communications from the Lee Hosiery Mills?

(Defendants' counsel hands witness correspondence with the Lee Hosiery Mills.)

A. As near as I can remember we adopted the name Irontex about March 10, 1908.

Q. 36. Do you know whether the name Irontex was trade-marked thereafter?

A. I know it was trade-marked thereafter, later on.

271 DEFENDANTS' COUNSEL: I offer in evidence trade mark "Irontex."

Trade mark received in evidence and marked Defendants' Exhibit Trade Mark, Exhibit B, March 9.

Q. 37. Exhibit B is the trade mark that was secured for the trade mark Irontex, was it not?

A. Yes, it was.

Q. 38. Now, when were the goods first marketed in that name, as nearly as you can remember? I mean by that, when were they first exposed for sale at R. H. Macy & Company's?

A. The Irontex was first exposed, as near as I can remember, about April 1st, 1908.

Q. 39. How were the goods sold, put in boxes?

A. The goods were packed in half dozen or one dozen in a box. These boxes in most cases were a very dark green, with a white edge and had a label in front, reading "Irontex," and the words "Hose that wears like iron."

Q. 40. These words being printed in the red panels?

A. Exactly, these words were printed in the red panels and the word Irontex being written in script across the black band from the lower left hand corner to the upper right hand corner, as shown in Complainant's Exhibit, Defendants' Box.

Q. 41. Now, how were the goods packed inside?

A. The goods were packed inside, secured by a band, by a white band, with a red and black design, having the same design as on the outside of the box.

Q. 42. Was there anything stamped on the goods?

A. Yes, on the toe of each stocking these words appeared, "Irontex, Hose that wears like iron." On the sole, these words appear, "Belfast, linen spliced."

Q. 42. The stamping on the hosiery itself is not in colors, is it?

A. It is not.

272 Q. 44. It is white stamping?

A. White stamping, yes sir.

Q. 45. Do these goods come in all colors?

A. These goods come in all salable colors.

Q. 46. For men, women and children?

A. For men they come in all colors; for women in all colors and in children's black and tan.

Q. 47. Was there anything else packed in with the box?

A. Inside of the stocking or sock was placed what was called a "filler." This filler also had the same design with the same wording, "Irontex, the hose that wears like iron," as well as a description of the Irontex hosiery.

Q. 48. The name and label appeared in colors on one-half of this filler, is that correct?

A. That is correct.

Q. 49. And the other half is taken up with description?

A. Exactly.

Q. 50. And is prominence given in that description to any special name or quality?

COMPLAINANT'S COUNSEL: Objection is made to the question as leading.

A. Yes, this description states that the Irontex is durable and is a high grade stocking.

Mr. WISE: This filler which was in box, Complainant's Exhibit, Defendant's Box, I offer in evidence.

COMPLAINANT'S COUNSEL: I object to complainant's exhibit being tampered with or any words written thereon.

DEFENDANT'S COUNSEL: I withdraw the offer of evidence.

Q. 51. Mr. Ackerman, I show you a box of hosiery marked Irontex. Do you know where these came from?

A. The box came from R. H. Mack & Company.

273 Q. 52. Was it dressed, marked and packed in the same way as when it was first put upon the market?

A. It was.

Q. 53. You take out of one of these socks a filler, does that correspond precisely with the filler that was in complainant's box, which was just withdrawn as an exhibit?

COMPLAINANT'S COUNSEL: Objected to.

A. It corresponds exactly with it, the wording is the same, the type is a little different.

Q. 54. Arrangement different?

A. The arrangement is the same.

Q. 55. And that is placed in each instance in the top of the sock or stocking?

A. In this particular case, it is a sock, yes.

Mr. WISE: I offer that in evidence.

Filler received in evidence and marked "Filler, Defendant's Exhibit C, March 9th.

By Mr. WISE:

Q. 56. On the reverse side of that filler there is some writing, describe what that is?

COMPLAINANT'S COUNSEL: Objected to as immaterial and irrelevant

A. On the reverse side of this filler is information given to the consumer which instructs them what size stocking to call for when a certain size shoe is worn either for men, women or children as well as infants.

Q. 57. Has there been any change, so far as you know, in the dress or description or labels of the Irontex socks at R. H. Macy & Company since they were first put on sale?

A. There has been no change made whatever, excepting the words were added, "trade mark registered," underneath the word "Iron-tex."

274 Q. 58. Have you described what and how that label was first adopted?

A. I have not.

Q. 59. Will you please describe it?

A. After we decided to put this linen spliced stocking on the market, we posted a notice in a conspicuous space in the corridors leading to the cloak rooms of the salesmen and salesgirls at R. H. Macy & Company's offering a prize of \$10 to the person who would give us a name that would describe the construction and the wearing qualities of this particular kind of hosiery. We stated in this notice that the hosiery was linen spliced on the soles, heels and toes, and would outwear other ordinary stockings. To the best of my recollection there were over 350 names submitted and among those names were these two words "Iron texture." I placed this list of names before the advertising manager of R. H. Macy & Company who coined from these two words "Irontex." I then submitted it to Mr. Jesse I. Straus, of the firm of R. H. Macy & Company, who approved our selection.

Q. 60. Now that gave you the name, how about the color and the label, how did you get that?

A. After we decided on the name, I requested Mr. George B. Pfingst, the proprietor of the Lee Hosiery Mills of Philadelphia, Pa., to submit a number of designs to be used on the top label and end label on the box. He submitted a number of different designs.

Q. 61. Can you tell approximately on what date that was?

A. These designs were submitted for my approval the latter part of March, 1908.

Q. 62. How do you fix that date?

A. I fix that date from a post card sent to me by Mr. Pfingst from Philadelphia on March 22nd, 1908.

Q. 63. Well, what did you do after the various designs were submitted?

275 A. After the various designs were submitted, I adopted this Irontex label and instructed him to have it put on all front labels as well as the back on the inside of the box which holds either three or six pairs of stockings or socks together.

Q. 64. Was that done?

A. That was done.

Q. 65. Did you order a quantity of goods after that time?

A. Some had been ordered sometime previous to that.

Q. 66. How long previous to that? Approximately?

A. I should judge about six weeks.

Q. 67. And it was shipped to you at your place as you have described?

A. Yes.

Q. 68. That is when these labels, wrappers and the boxes were marked with the label Irontex?

A. Yes.

Q. 69. Like Complainant's Exhibit, Defendants' Box?

A. Like that, with the exception that "trade mark registered" which did not appear on that hosiery.

Q. 70. That appeared when the trade mark was registered?

A. Yes, sir.

Q. 71. With the exception of that registered trade mark, there has been no change in the label, in the design or in the colors?

A. No.

Q. 72. Mr. Ackerman, as a buyer for R. H. Macy & Company and for the department, did you ever buy any Notaseme socks up to that time?

A. No, I never did.

Q. 73. Had you ever seen the Notaseme label?

A. I had not.

Q. 74. Had you ever heard of the Notaseme label?

A. I had not.

Q. 74. Had you ever heard of the Notaseme sock?

A. I never heard of it.

— Did you ever see the Notaseme label?

A. Not to my recollection.

Q. 78. Did you every buy any Notaseme socks?

A. I did not.

276 Q. 79. Was there any call in your department for Notaseme socks?

A. There was not, as near as I can remember.

COMPLAINANT'S COUNSEL: Objection is made to the entire line of examination, as conclusive and leading.

Q. 80. When did you first hear of Notaseme socks?

A. About a month after I left Macy's employ.

Q. 81. Where?

A. In Bridgeport, Conn.

Q. 82. And approximately what time was this?

A. About June, 1909.

Q. 83. You were then with your present employers?

A. I was.

Q. 84. Did you superintend the advertising of the Irontex socks for R. H. Macy & Company during the period that you were in their employ?

A. I wrote the original copy and gave a full description to the advertising manager.

Q. 85. Have you got a copy of that advertisement?

A. I had a copy which I submitted to Mr. Jesse Straus, where he made some corrections.

Q. 86. Is this the original copy which was prepared by you?

A. That was prepared from the copy that I gave to the advertising man.

Q. 87. Well, what I am trying to get at is whether this was taken from your original copy and printed?

A. It was.

Q. 88. It was never advertised this way, was it?

A. I don't know whether these corrections were made in the papers or whether this appeared this way and the corrections were made later.

Q. 89. Can you recollect the date when the sock was first advertised?

A. The men's and children's were advertised April 15, 1908.

Q. 90. I hand you a copy of the Evening Mail of Wednesday, April 15, 1908, and ask you to state whether that was the first advertisement which appeared in that issue on the 12th page?

COMPLAINANT'S COUNSEL: Objected to as immaterial and irrelevant.

A. It was.

Q. 91. Do you recollect in what papers you advertised?

COMPLAINANT'S COUNSEL: Same objection.

A. I recall we put it in nearly all the papers of that date.

Q. 92. That is the Journal, Sun, Mail, Globe, World; was the identical advertisement in all of them?

COMPLAINANT'S COUNSEL: Same objection.

A. It was.

MR. WISE: I offer that advertisement in evidence.

Advertisement received in evidence and marked Defendants' Exhibit D, March 9, 1911.

Q. 93. In the Mail advertisement on page 12 you make reference to the article Irontex being made on "full fashioned frames," what is the purpose of that reference?

COMPLAINANT'S COUNSEL: Same objection.

A. To impress the purchaser's mind of the fact that these stockings would not lose their shape after wearing like a seamless stocking would.

Q. 94. That is, you call the attention of the public to that fact?

A. Exactly.

COMPLAINANT'S COUNSEL: Same objection.

278 Q. 95. Mr. Ackerman, what experience have you had as a judge of the quality of all hosiery?

COMPLAINANT'S COUNSEL: Same objection.

A. I was practically brought up in the business.

Q. 96. Ever been in any factories?

A. I have visited factories, hosiery mills.

COMPLAINANT'S COUNSEL: Same objection.

Q. 97. Never been employed in any?

A. Never have.

Q. 98. Your experience is derived from what?

A. From being in continual touch with the hosiery market; listening to discussions from manufacturers, salesmen, and by continually comparing different qualities.

Q. 99. For how long a period of time did you do that?

COMPLAINANT'S COUNSEL: Same objection.

A. Practically did it, I should judge, for fifteen years.

Q. 100. Can you judge of the comparative excellence of various different articles of hosiery?

A. I can.

COMPLAINANT'S COUNSEL: Same objection.

Q. 101. Will you examine the hosiery marked Complainant's Exhibit, Complainant's Box, packed with Notaseme hosiery, and Complainant's Exhibit, Defendants' Box, marked Irontex, and tell whether there is any similarity between these goods and whether or not one is better than the other.

COMPLAINANT'S COUNSEL: Same objection.

Q. 101½. And state your reasons?

A. I say that the Irontex is the better sock, inasmuch as it is full fashioned or what is termed full fashioned; that it will retain its shape until the sock is worn out. This is due from the fact that it is knitted on the full fashioned frame, whereas the Notaseme is made on what is called the cylinder machine. The quality in these two instances is different, in that one is made lighter.

Q. 102. Which one?

A. Irontex. And the sole, heel and toe are spliced, in other words, strengthened by a thread of linen yarn.

Q. 103. Did you ever advertise the label of Irontex in the City of New York, in any of the papers, in colors?

A. To my recollection we never did.

COMPLAINANT'S COUNSEL: Same objection.

Q. 104. During the period that you were engaged at R. H. Macy's where were the goods of R. H. Macy & Company sold?

A. The goods of R. H. Macy & Company were sold in New York City over the counter of their store. At their store at Broadway and 34th and 35th Streets.

Q. 105. At any other place?

A. At no other place.

Q. 106. And the advertisement in the daily papers appeared in

New York City and also in other papers than those in New York City?

COMPLAINANT'S COUNSEL: Same objection.

A. I believe some out of the City; that is, I cannot state exactly what cities.

Q. 107. During the period that you were at the head of that department, was, so far as you know, any attempt ever made to substitute Irontex socks for Notaseme socks?

A. No attempt was ever made as far as I know.

Q. 108. Did you get up signs of this kind (counsel showing witness sign)?

A. I did.

Q. 109. Where were they placed?

A. They were placed on tables and on the counters at R. H. Macy's store.

280 Q. 110. They contain the facsimile of the label?

A. Yes, sir.

I offer that in evidence.

Sign received in evidence and marked Defendants' Exhibit E, March 9, 1911.

Q. 111. Was this sign that I now show you prepared by you and exhibited while you were there at Macy's?

A. It was.

COMPLAINANT'S COUNSEL: Objected to as leading; furthermore immaterial and irrelevant.

Sign received in evidence and marked Defendants' Exhibit F, March 9, 1911.

Q. 112. Was there any change in advertising during the period that you were there as to Irontex hosiery, and if so, state what it was?

COMPLAINANT'S COUNSEL: Same objection.

Q. 113. Was there any change in the mode of advertising as far as the label was concerned?

A. No.

Q. 114. Always called it Irontex?

A. Always called it Irontex.

Q. 115. And printed in the form as shown on Exhibit D of this date?

COMPLAINANT'S COUNSEL: Same objection.

A. Yes, sir.

Q. 116. Can you describe in a general way the size of business that Macy do at retail at their store in hosiery in dollars and cents per annum?

A. The total amount of business that they do?

Q. 116½. Yes, or at the time that you were in the hosiery department, of course.

A. Macy's business in hosiery, men's, women's and children's

from 1906 to 1909, as near as I recollect, was from \$250,000 to \$293,000 a year.

281 Q. 117. Did you do a substantial business in Irontex socks?

A. We did.

Q. 118. Describe the advertising in so far as extent of advertising was concerned; was a large amount of advertising done for Irontex or little?

A. A large extent.

COMPLAINANT'S COUNSEL: Objected to as leading.

Q. 119. Can you remember how much was spent the first year in advertising?

A. I don't know.

COMPLAINANT'S COUNSEL: Objected to as immaterial and irrelevant.

Q. 120. Well, can you approximate it?

COMPLAINANT'S COUNSEL: Same objection.

A. I should judge the first year we spent between \$2,000 and \$2,225.

Q. 121. That is for advertising in the papers alone?

A. So far as I know.

Q. 122. I showed you before a box of Irontex from Macy's out of which you took that filler, that is the identical way in which all goods were packed since the time they were put on the market?

A. It was.

I offer that in evidence.

Box of Irontex received in evidence and marked Defendants' Exhibit G, March 9, 1911.

Q. 123. At the time that the Irontex was put upon the market, what seamless stockings did you know of?

COMPLAINANT'S COUNSEL: Objected to as immaterial and irrelevant.

A. We knew of a stocking that was advertised quite extensively under the name of "Holeproof," which was a seamless stocking, but we brought ours out because we thought it so far superior in as much as it was full fashioned.

282 Q. 124. Where was this Holeproof sock advertised?

COMPLAINANT'S COUNSEL: Same objection.

A. In newspapers and magazines, and I believe in the street cars as well.

Q. 125. Were there calls, during the time you were head of the department, for other seamless stockings than the Holeproof?

COMPLAINANT'S COUNSEL: Same objection.

Q. That you recollect now?

A. Yes, we had, for instance, what is known as the Shawknit stocking.

Q. 126. Did you carry any seamless stockings in stock?

A. We did.

Q. 127. What seamless stocking did you carry?

COMPLAINANT'S COUNSEL: Same objection.

A. The seamless stocking- we carried were in our own name, R. H. Macy & Co.

Q. 128. You carry none of the other brands?

A. No.

Cross-examination by Mr. BARR:

(The cross-examination is proceeded with without waiving any of the objections to the testimony of the witness.)

X Q. 1. What is your present business?

A. I am manager of the Birdsey-Somers Corset Factory of Bridgeport, Conn.

X Q. 2. They manufacture corsets only?

A. Corsets, corset waists, brass supporters to attach the corsets.

X Q. 3. Before you went with this concern you were with Macy some ten or eleven years, is that so?

A. Between nine and ten years.

283 X Q. 4. What business were you in before you went with Macy?

A. I was assistant buyer with Abraham & Straus in the same department.

X Q. 5. What does this concern sell; what kind of goods does Abraham & Straus sell?

A. About the same class of goods as Macy.

X Q. 6. They sell corsets?

A. Corsets, hosiery, underwear, it is a department store.

X Q. 7. Were you ever employed in a hosiery factory where they knitted the goods?

A. No, I never war.

X Q. 8. Will you please tell me just what you mean by this full fashioned hosiery that you have described?

A. I will give you the same description that I gave before. What is understood by the trade, a full fashioned stocking is made on what is called a "full fashioned frame," and they are knitted into shape and at certain points of the stocking there are what is called narrowings, needles are dropped. I am not a technical man, and I give it as I understand it. The very fact that this stocking is knitted into shape, it is claimed and it does retain its shape. There are two classes of stockings in the trade, one is known as seamless and the other as full fashioned. There may be others, but I do not know. I make that distinction between the two.

X Q. 9. Have you ever seen these machines work?

A. I have.

X Q. 10. Where was it?

A. In Philadelphia, Pa., and in Chemnitz, Saxony.

X Q. 11. You are sure, Mr. Ackerman, are you, that the seamless sock in the progress of making is pressed into shape?

A. That is what I understood, as it was explained to me at the different factories and from what I saw these goods were put on boards and heated to a certain extent.

284 X Q. 12. You spoke of a prize offer which you made or the Macy Company made for a name for this Irontex hosiery; will you please tell me just what the condition of that offer was, or that contest?

A. There were no particular conditions. A notice was posted and the salespeople were allowed to put in as many names as they chose in what was called the "suggestion box." Then these names were taken out and were sent to me and I tabulated them. They were tabulated as they are here.

(Mr. Ackerman hands counsel paper.)

X Q. 13. What was the wording of this notice, please?

A. As near as I can recollect, the wording of the notice was in effect that we had just decided to put on the market a stocking for which we wanted a name to describe it. In order to help the people (this, of course, read on the notice), we stated that these stockings were made of Egyptian yarn and were made on full fashioned frames and they would retain their shape no matter how long they were worn. We also stated that the soles, heels and toes were spliced with linen thread, which made them durable and increased the wearing qualities. We, therefore, wanted a name that would describe the stocking as durable and would give satisfactory wear and which would retain its shape. That is about the substance.

X Q. 14. In other words, you wanted some name which would be descriptive of the goods?

A. We wanted a descriptive name.

X Q. 15. Now, when did you first use this name Irontex in connection with your goods?

A. May I refer to my card again?

X Q. 15a. You can read from that or from the depositions if you want to.

A. We used the name Irontex, we placed it on the market about April 1st, 1908.

285 X Q. 16. Did you sell any of the goods with this word "Irontex" before that date?

A. I think we did, but cannot state positively.

X Q. 17. How long before?

A. Probably a few days it would not be more than a week.

X Q. 18. Who was your advertising manager at the time you adopted this word "Irontex"?

A. Mr. J. Arnold Statler.

X Q. 19. Is he still with Macy?

A. No, he is not.

X Q. 20. Do you know his present address?

A. The last I heard of Mr. Statler he was in Arizona, he is not a well man.

X Q. 21. Who was this Mr. George B. Pfingst?

A. He was proprietor of the Lee Hosiery Mills of Philadelphia. He made the men and women's Irontex for us.

X Q. 22. He wasn't a designer of label and trade marks for concerns, was he?

A. Not that I know of.

X Q. 23. Why did you send to him for designs?

A. Because he was to furnish us with a suitable panel; he was to get the stocking up the way we wanted it; it was part of the agreement when he went into this.

X Q. 24. He was to submit a number of different designs for you to select one which you thought would be suitable in connection with the word Irontex, is that so?

A. Yes.

X Q. 25. How did you happen to select this polygonal design with the diagonal band across it from the others?

A. It was probably the words that appeared on the side "the hose that wears like iron," that appealed to me.

X Q. 26. Was this design gotten up with a black diagonal band and red panels at that time?

A. It was.

X Q. 27. Did you decide to put the word "Irontex" on
286 the diagonal band?

A. The word Irontex appeared on the diagonal band when it was submitted to me.

X Q. 28. Why was it put on in white?

A. No particular reason that I know of.

X Q. 29. Why did you select the red color for the panels instead of some other color?

A. I cannot state just at the present time why.

X Q. 30. I now show you Complainant's Exhibit, Defendants' Box, and call your attention to the red panels on each, they are both the same shade, are they not?

WITNESS: Allow me to look at this, please?

By Mr. BARR:

X Q. 30a. Both the same shade of red, are they not?

A. I should say they were not.

X Q. —. What difference do you find?

A. One is a lighter shade of red than the other.

X Q. 32. The script of the word Notaseme and the script of the word Irontex are the same, are they not?

A. I should say they were similar.

X Q. 33. Do you mean to tell me, Mr. Ackerman, that at this distance of eight feet you can distinguish any difference in the shade of the red of the panels?

A. I should say I can distinguish a difference in the shade of the panels, one is lighter. The Notaseme is lighter than the Irontex.

X Q. 34. Do you know whether the design which Mr. Pfingst submitted was original with him?

A. As far as I know, it was original with the man that made it for him.

X Q. 35. Who was that person?

A. Some designer in Philadelphia; I do not know his name.

X Q. 36. Do you know any of the members of the corporation, The Notaseme Hosiery Company?

A. I do not.

287 X Q. 37. Did you ever see any of them before today?

A. I do not remember to my recollection.

X Q. 38. Did any salesman ever call on you to display the Notaseme goods?

A. Not that I remember.

X Q. 39. Did you ever know a Mr. Milander?

A. No, I did not know him.

By consent of counsel, the hearing is adjourned until 2:30 P. M. Recess.

By consent of counsel, the cross-examination of Mr. Ackerman is interrupted.

ROSE BROWNSTEIN, called on behalf of defendants, testified as follows:

By Mr. WISE:

Q. 1. Your full name is?

A. Rose Brownstein.

Q. 2. What is your occupation, Miss Brownstein?

A. A salesclerk of the hosiery department.

Q. 3. Where?

A. R. H. Macy & Company.

Q. 4. How long have you been in the employ of R. H. Macy & Company?

A. About three and one-half years.

Q. 5. Have you been all that time in the hosiery department?

A. Yes, sir.

Q. 6. I hand you sales slip taken from Complainant's Exhibit, Defendant's Box, and marked on the back for identification, Exhibit A, January 12, 1911, and ask you to state what that is?

A. Cash check.

Q. 7. Who made it?

A. I did.

Q. 8. It is your handwriting?

A. Yes, sir.

288 Q. 9. Is that the usual way of making out a cash slip at R. H. Macy & Company?

COMPLAINANT'S COUNSEL: Objected to as leading.

A. Yes, sir.

Q. 10. Now, just describe what that cash slip shows?

A. In the upper left hand corner it shows the date, 4/12.

Q. 11. That is what?

A. April 12th.

Q. 12. What do the figures 619 mean?

A. That is my number.

Q. 13. What does 66 mean?

A. That is the amount received.

Q. 14. What is below that?

A. 2 hose at 33 cents a pair, 66c.

Q. 15. What does that sales slip indicate to you in so far as the box in which it was contained?

A. It shows that the party bought two pairs of hose at 33c. from me.

Q. 16. Do you recognize this box in which that sales slip was contained?

A. That is one of our stock boxes.

Q. 17. For Irontex hosiery?

A. Yes, sir.

Q. 18. Did you at the time that you made that sale ever state to the purchaser that the box contained a hosiery called Notaseme hosiery?

A. No.

COMPLAINANT'S COUNSEL: Objected to as leading.

Q. 19. Did you ever sell any hosiery as Notaseme hosiery during your employment at R. H. Macy's?

A. No, sir.

Q. 20. In case inquiry was made for Notaseme hosiery at R. H. Macy & Company, what did you answer, if you remember?

A. Well, I would answer we did not carry that in stock but that we had another kind which would wear just as well.

289 Q. 21. Do you remember this particular sale of this particular box?

A. No, sir.

Q. 22. You wouldn't remember so far back?

A. No, sir, and besides we haven't had that size in stock for quite some time.

Q. 23. That is a special size?

A. No. We don't have many calls for them. We just happen to run out of them.

Q. 24. Did you have any calls for Notaseme socks for a year past, and if so, state approximately how many?

A. The year past, I remember I have had two or three calls for them.

Q. 25. When you did have any calls, did you sell or offer for sale a Notaseme sock?

A. No, sir, I couldn't. I would tell them that we had one without a seam in stock but not the Notaseme sock.

Cross-examination by Mr. BARR:

X Q. 1. How did you happen to come here to-day to testify?

A. I was told to come down here by the assistant buyer.

X Q. 2. Who is the assistant buyer?

A. Miss Anderson.

X Q. 3. What did she tell you?

A. She simply told me that I had to come down to meet Mr. Bradford at 2 o'clock, and I was told to wait for somebody, I don't know his name, and come down with him.

X Q. 4. Who is Mr. Bradford?

A. Our buyer.

X Q. 5. Did he tell you what you were to come for?

A. No, sir.

X Q. 6. Did you know what you came down here for?

A. I understand now.

X Q. 7. Well, tell me.

A. Why, I was told by Mr. Ackerman I was to be inquired about Irontex hose.

X Q. 8. Is he the only one you talked to about this?

A. Yes, sir.

290 X Q. 9. Do you know why you would be asked about the Irontex hosiery?

A. I haven't any idea.

X Q. 10. Mr. Ackerman is the only one you have talked to about coming down here?

A. I asked him about coming down here and he said I would have to testify about the Irontex hose.

X Q. 11. You are willing to state then under oath that Mr. Ackerman is the only one you have talked to in regard to this?

A. Yes, sir.

X Q. 12. When did he talk to you?

A. Just a few minutes ago, outside, in this building.

X Q. 13. I notice in this box, Plaintiff's Exhibit, Defendant's Box, that the size of the hose is 10½. I understood you to say that you did not carry this line any more?

A. No, we carry this line, but just now we haven't this size.

X Q. 14. How long have you been out of this size?

A. Why, a number of months.

X Q. 15. Do you have much of a call for this size?

A. We do have quite a number of calls for them.

X Q. 16. You have quite a number of calls for them and still you have been out of them for two or three months?

A. Yes, sir.

X Q. 17. About how many calls have you had, or requests for Notaseme hosiery?

A. Well, altogether, that I really can't remember so far back as five or six years; within a year about two or three calls. We have very few calls for them. We carry a seamless stocking of our own.

X Q. 18. Do you remember anyone coming in and asking you about a year ago for Notaseme hose?

A. I cannot remember whether about a year ago. I know I had two or three calls within a year. I cannot possibly say who they were.

X Q. 19. Did you ever ask such purchaser what size socks they wanted?

A. I always ask the size sock the purchaser wants.

291 X Q. 20. I am talking now about the inquiries for Notaseme socks.

A. Well, no, I didn't because I don't carry them. I ask them if they want to see our seamless sock.

X Q. 21. That is, when they want Notaseme socks, you take down one of these boxes and ask them what size they want?

A. No, sir.

X Q. 22. Do you know a Mr. Wise?

A. No, sir.

X Q. 23. Do you know whether he is in this room or not?

A. Now I do. I saw him the first time a little while ago.

X Q. 24. And where was this?

A. In this building.

X Q. 25. In this office?

A. Yes, sir.

X Q. 26. What did you say to him?

A. He asked me the questions and I answered them.

X Q. 27. What did he ask you?

A. Whether I ever sold Notaseme hose.

X Q. 28. I think you stated that you had talked to no one except Mr. Ackerman?

A. I beg your pardon, I did not know him when I came down here only when I met Mr. Ackerman.

X Q. 29. What else did he ask you?

A. Whether I had many calls for them.

X Q. 30. What else did he ask you?

A. That is all that I can remember, only relating to the Notaseme hose.

X Q. 31. What did he ask you about the Notaseme hose?

A. Whether we ever carried them. I said "No." Whether I ever sold any sock for the Notaseme sock which I never did.

X Q. 32. What else did he ask you about the Notaseme?

A. Nothing at all.

X Q. 33. Then he did not tell you anything about what this proceeding meant?

A. No, sir.

X Q. 34. I now hand you a sales slip taken from Complainant's Exhibit, Defendants' Box, and ask you to tell me what the number and the writing in the lower corner stands for?

292 A. Down here? That is the folio number of the book; that is the number of the check.

X Q. 35. Can you tell from that number, the year of the sale?

A. No, sir.

X Q. 36. What are the present numbers on the sales slip you are using?

A. The folio numbers I cannot tell you; we don't look after the folio numbers.

X Q. 37. Is there anything on this slip that would identify the year?

A. Well, no, the fourth month and twelfth day; of course, I cannot tell the year; that is the month and the day, the fourth month and the twelfth day.

X Q. 38. Then you cannot look at any slip that you have and tell when the sale was made?

A. The month and the day, but I never put down the year.

Cross-examination is closed.

Redirect examination by Mr. WISE:

Q. 1. Is the hosiery counter a busy counter?

A. Yes, sir.

Q. 2. How long were you in my rooms, Miss Brownstein?

A. I believe less than five minutes.

Q. 3. I never talked to you before about this matter?

A. No, sir.

Q. 4. Do you know the nature of the action which is now pending in which we are taking testimony now?

A. I understand pretty well now that someone must be fighting with us that we are selling Notaseme hose in our store.

Q. 5. You understand that we do not carry Notaseme socks or sold them as Notaseme hose, is that your understanding of the present litigation?

A. Yes, sir.

Q. 6. You do not recollect any individual who asked for Notaseme, did you?

A. Not that I can remember.

293 Q. 7. Are there many inquiries for other socks at the counter there?

A. Yes, we have quite a number of calls for guaranteed socks, but we represent our own sock that is guaranteed. There are socks called the Holeproof and the Everwear, which are supposed to be worn for six months; we replace them if they do not, and we have a great many calls for them.

Q. 8. What do you call a great many in a week, or a month?

A. Well, I would have about 25-30 calls a month.

Q. 9. You have not had any such calls for Notaseme?

A. Not quite that many, no, sir.

Recross-examination by Mr. BARR:

1 X Q. When people come in and ask for these guaranteed socks, how do they generally ask you for them?

A. Well, many of them know the name and ask us whether we carry them; or if we carry any guaranteed sock, and I say we have no guaranteed one, but we have one which is called Irontex which is just as good.

2 X Q. They never point to the box and say "Give me a pair"?

A. No, sir.

We have them out on the counter, and they will come over to the counter and ask for that.

3 X Q. How do they know what to ask for?

A. They are all stamped on the heel and toe, besides we have a sign on them.

4 X Q. If they are on boxes?

A. They are generally displayed on the counter. The box is open and they are always on top of the box.

5 X Q. You have some in boxes that are closed and packed on the shelves?

A. All the 24c. in colors and black are displayed on the counter.

294 We have a 33c. in tan, grey and black which we keep on the shelves and, if anyone wants lisle, cotton or cashmere, these are closed, and we take them off the shelves.

6 X Q. They would never point to the box on the shelves and say, "Let me have a pair of those socks"?

A. We have a great many customers who don't pronounce the name of Irontex.

7 X Q. They sort of recognize the sock by the label?

A. Yes, by the label.

Redirect by Mr. WISE:

R. D. Q. 1. Are socks generally called for by names; do they know the label or name?

A. They generally do not; we have different varieties of cashmere, lisle and cotton; a great variety of socks, the Irontex, are sold by name.

ROSE BROWNSTEIN.

Sworn to before me this 25th day of March, 1911.

JOHN A. SHIELDS,
Commissioner.

PAULINE KESSEL, called on behalf of defendants, testified as follows:

By Mr. WISE:

Q. 1. What is your name?

A. Pauline Kessel.

Q. 2. What is your occupation?

A. Salesclerk in R. H. Macy's.

Q. 3. How long have you been at R. H. Macy's?

A. About a year and a half.

Q. 4. At what counter?

A. At the hosiery department.

Q. 5. I hand you a sales ticket taken from complainant's exhibit, envelope purchase, and ask you to state whether you recognize that?

A. That is my handwriting.

295 Q. 6. That is your handwriting?

A. Yes, sir.

Q. 7. Will you please state what those figures in the upper left hand corner are?

A. The seventh month and the nineteenth day; July 19th.

Q. 8. And what is that number below?

A. That is 606.

Q. 9. And what does 35 mean?

A. That is the amount received from the customer.

Q. 10. What does this mean here below, that handwriting?

A. One hose, 35c. We have to put down the amount received from the customer to make sure that no claim is made for any more change; the hose was 33c. so there was 2c. change.

Q. 11. Do you recollect the particular sale that is shown by that sales slip?

A. Not the particular person, no.

Q. 12. Can you identify this article as the one that was purchased?

A. We have carried it in stock, that is 33c.

Q. 13. Did you sell any sock as a sock called the Notaseme?

A. No, sir.

Q. 14. Do you know the name of that sock?

A. That is a lisle thread sock.

Q. 15. Is it a seamless sock?

A. No, sir, full fashioned.

Q. 16. Did you ever so long as you were at Macy's state to anybody that you had Notaseme socks in stock?

A. No, sir.

Q. 17. Did you ever sell to anybody at Macy's a sock as a Notaseme sock which was not a Notaseme sock?

A. No, sir. We never carried that make.

Q. You did sell seamless socks?

A. Yes, we have a seamless sock called "Shawknit." We sell that to people wanting a sock without a seam?

Q. 19. How many girls are there at the counter?

A. Well, I should judge about twenty to twenty-five girls in around the tables and behind the counter.

296 Q. 20. More than three at all times since you have been there?

A. Oh, yes.

Q. 21. Sure of it?

A. You mean in one particular place?

Q. 21½. At the counter?

A. Why, they wouldn't cover the space.

Q. 22. How large a space about?

A. I don't know much about measures; you know how long a counter is.

Q. 23. How long is a counter? About 25 foot; as long as this room?

A. Twice as long as this room.

Q. 24. About forty feet?

A. Yes, I should judge that length.

Q. 25. There are two counters, one on each side?

A. Yes, both sides and the fixture in between.

Q. 26. That fixture cuts off the view from the other side?

A. Yes, sir.

Q. 27. When were you asked to come down?

A. As soon as I came back from lunch, about twenty-five minutes past one.

Q. 28. Who asked you?

A. Miss Anderson.

Q. 29. Did you have any conversation with anybody concerning this case prior to that time?

A. Before she sent for me, no.

Q. 30. Did she tell you what you were to come down for?

A. She said I was to be asked something about Irontex hose and since I have been in this room I have heard, and I can just about understand what the conversation was about.

Q. 31. You had a conversation with me in the presence of the preceding witness a few minutes ago?

A. Well, you wouldn't exactly call it a conversation. You just asked me whether we carried Notaseme hose and I said no.

Cross-examination by Mr. BARR:

X Q. 1. About how many pairs of Irontex do you sell
297 a day?

A. Well, I should say at least a hundred pairs a day.

X Q. 2. Does that hose have a seam in it?

A. Yes, it is a full fashioned sock and has a seam up the back.

X Q. 3. Is it any different from the Shawknit?

A. The hose is not the same, it has no seam.

X Q. 4. What other line of hosiery do you carry? Men's hose?

A. We carry about every kind that is to be had. Do you mean by name? We have cashmere, cotton and lisle at different prices, different weights.

X Q. 5. Do you have the same lisle thread in the Irontex as you do in the others?

A. Well, the one is a little different.

X Q. 6. Otherwise the sock is just the same?

A. The sole of the Irontex is interwoven with a linen thread which is much firmer than the other and makes it wear much better and that is why we sell so many of them.

X Q. 7. Will you please look at Plaintiff's Exhibit, Envelope Purchase; that is a pair of the Irontex hose?

A. No, sir.

X Q. 8. What does the average purchaser of hose ask for at your counter?

A. Well, somebody will come in and say, "I am sick and tired of buying stockings that don't wear, give me a stocking that will wear," and as I wear the Irontex pretty nearly all the time, I can recommend it to people.

X Q. 9. They wouldn't know anything about it, except what you told them?

A. They would only take my word for it; and sometimes a customer comes back and tells me they wear well; they get so they know we keep the Irontex hose and some people wouldn't buy anything but the Irontex.

X Q. 10. Do any of your customers ever come in and
298 point to the outside of the box and say, "Give me some of those socks"?

A. I say, "What, the Irontex," and they say, "Yes, that is the name."

X Q. 11. How is it that they know what they want if they don't know it's Irontex?

A. Some of the people can't pronounce it and they say "Iron—," and I finish the word for them.

X Q. 12. That is, they recognize the color of the label on the end of the box?

A. Yes. At the end of the counter we have a great big sign with the word "Irontex, it wears like iron," and naturally they are interested and they want to know what this means.

X Q. 13. That is, this big label at the end of the counter, is that gotten up in the color designs with the work "Irontex"?

A. It is like this without any figures.

Witness points to Defendant's Exhibit E.

X Q. 14. As a matter of fact you have a great many people who either don't know the name Irontex and can't pronounce it, but simply want some of the goods that are in the boxes with red and black labels?

A. They say, "Let me see that stocking you advertise."

X Q. 15. Is that correct what I have stated?

A. Yes, "Let me have some of those stockings."

X Q. 16. Are these Irontex hose put up by different manufacturers?

A. That I cannot say.

X Q. 17. You don't know the make of them? Who makes them?

A. No, sir.

Redirect by Mr. WISE:

Q. 1. Do people ever come and ask you for socks that have a red and black label on them?

A. No.

Q. 2. Has that ever occurred?

A. No, sir.

Q. 3. Have you ever seen the Notaseme label?

A. I have seen them in the street cars, I think, advertised.

299 Q. 4. Never seen them in the store have you?

A. No, sir.

Q. 5. The sock itself?

A. No.

Q. 6. Labels?

A. No.

Q. 7. Any customer ever bring in a label to you?

A. No, sir.

Q. 8. Has any customer ever stated to you that the label of the Irontex reminded her of any other kind of sock?

A. No, sir.

Q. 9. Have you ever sold any other sock as the Notaseme?

A. No, sir.

Q. 10. Did you ever represent to anybody at any time that any sock that you sold was a Notaseme sock?

A. No, sir, not by that particular name. I have sold them a seamless sock when they asked for a seamless.

Q. 11. I am referring to socks that are called the Notaseme?

10-540

A. No, sir, we never handled them.

Q. 12. You never told anybody that you did handle them?

A. No.

Q. 13. When you saw the Notaseme advertisement in the street cars, what did you think when you saw it?

COMPLAINANT'S COUNSEL: Objected to as immaterial and irrelevant.

A. Nothing at all. Mornings when I came down town I like to look around in the car and notice the ads.

Q. 14. Did you think it looked anything like the Irontex label?

A. Never gave it a thought.

PAULINE KESSEL.

Sworn to before me this 23rd day of March, 1911.

JOHN A. SHIELDS,
Commissioner.

300 F. W. COWLISHAW, called on behalf of the defendants, testified as follows:

Direct-examination by Mr. WISE:

Q. 1. What is your name.

— F. W. Cowlishaw.

Mr. BARR: What is that paper the witness has in his hand?

WITNESS: Am I permitted to show it the gentleman? Showing affidavits to counsel. They are affidavits that I made at the time with reference to what I believe I am to be asked about.

Q. 2. What is your occupation?

A. Secretary.

Q. 3. To whom?

A. To Mr. Jesse I. Straus.

Q. 4. What is your age.

A. 27.

Q. 5. How long have you been in the employ of R. H. Macy & Company?

A. Six years.

Q. 6. How long have you been secretary to Mr. Straus?

A. Three to four years.

Q. 7. Now, Mr. Cowlishaw, will you please state whether you made any inquiries for Notaseme hose in the City of New York in April, 1910.

COMPLAINANT'S COUNSEL: Objected to as immaterial and irrelevant.

A. I made inquiries about the City for Notaseme hose. I wouldn't want to say whether it was in April or May, without referring to the affidavits I made on the day I made the inquiries.

Q. 8. Who directed you to make such inquiries?

A. Mr. Jesse Straus.

COMPLAINANT'S COUNSEL: Same objection.

Q. 9. One of the members of R. H. Macy & Company?

A. Yes, sir.

Q. 10. Do you know why you were directed to do so?

301 A. Yes, he had received a letter, I believe, from the manufacturers of the Notaseme hose or their attorneys.

Q. 11. Did you see that letter?

A. I did.

Q. 12. What were the contents?

A. I cannot recollect the specific letter, that is to give you any details that it contained.

Q. 13. What was there in it that caused you to make these inquiries?

A. The contention that our label was in some respect either a copy or an infringement of the label which was used for the Notaseme.

Q. 14. I hand you the bunch of papers that you produced and ask you to state if they will refresh your recollection, as to the date when and the places where you made inquiries?

A. They will.

Q. 15. Please state the places where you inquired for Notaseme and the answers that you got on the date you inquired?

A. The hosiery department of Stearn's, where I was informed that they did not carry any hose at all of American manufacturers. The hosiery department of Lord & Taylor's, where I was accompanied by Mr. Bradford, the head of the department. Mr. Bradford is the buyer of our hosiery department; where I was informed that they had never carried or ever heard of the Notaseme sock.

Q. 16. Is Lord & Taylor's a prominent gentlemen's furnishing goods store?

COMPLAINANT'S COUNSEL: Objected to as immaterial and irrelevant, having no bearing on the present issues and further objection is made to the witness reading from a paper which has not been properly proved.

Mr. WISE: Counsel for defendant states that the witness is refreshing his recollection from a paper which he states are
302 affidavits made by him at the time that the inquiries were made.

Q. 17. Mr. Shaw, what is the paper you have in your hand?

A. They are a series, you might call them, of affidavits which I drew at the time that I was going about the City to make inquiries concerning Notaseme socks.

Q. 18. Were they transcribed by anybody you know?

A. I wrote them myself.

Q. 19. Were they signed?

A. I signed them in some instances and in others where they implicated the buyer of our hosiery department, they were signed by us both.

Q. 20. Statements contained therein refresh your memory as to what transpired?

A. They do.

Q. 21. Would you be able without them to testify as to the dates, the exact occurrences which took place?

A. I would now to a certain extent?

Q. 22. After having looked over them?

A. Yes.

Q. 23. Well, in so far as possible, please state what was done without looking at the memorandum. Whenever your memory needs refreshing, why you can refresh it by looking at the affidavits.

COMPLAINANT'S COUNSEL: Question objected to as immaterial and irrelevant.

A. I do not think it is particularly known as a men's furnishing store.

Q. 24. What is it?

COMPLAINANT'S COUNSEL: Same objection.

A. Department store.

Q. 25. What other inquiries did you make and with what results?

COMPLAINANT'S COUNSEL: Same objection.

A. I went to James Hearn's.

303 Q. 26. Describe the character of that store?

COMPLAINANT'S COUNSEL: Same objection.

A. Department store, where I made inquiries for Notaseme hose. They did not carry it, to the best of my recollection. They had never heard of it.

Q. 27. What other inquiries did you make?

COMPLAINANT'S COUNSEL: Same objection.

A. We went to a number of department stores. I can't recollect without reference what the names are. We finally went to Smith, Gray & Company.

Q. 28. What is their business?

COMPLAINANT'S COUNSEL: Same objection.

A. I think they make a specialty of men's furnishings.

Q. 29. Where are they?

A. Broadway, 30th or 31st Street, I think.

Q. 30. Did you inquire at a number of places other than those you have enumerated?

COMPLAINANT'S COUNSEL: Same objection.

Q. 31. You can refresh your recollection if you please, referring to the affidavits.

A. We called at Stearn's, Lord & Taylor's, James Harn's, Altman & Company, John Wanamaker, McCreery and at Smith, Gray & Company.

Q. 32. What was the result of your inquiries at all these stores?

COMPLAINANT'S COUNSEL: Same objection.

A. With the exception of Smith, Gray & Co. they did not carry them, and never heard of the Notaseme.

Q. 33. But you bought a box of Notaseme socks?

A. Yes, sir.

Q. 34. Where?

A. At Smith, Gray & Company.

304 Q. 35. I hand you a box and ask you whether that is the box you purchased?

A. It is similar; I have no means of knowing that it is the identical box.

Q. 36. Did you have a box like that in the safe at Macy's?

A. Yes.

Q. 37. Until when?

A. Until Saturday, although I believe that there have been one or two pairs of socks taken out of it between the date I purchased it and Saturday, when I gave it to Mr. Owen, your managing clerk.

Q. 38. You gave it to him at that time?

A. Yes.

Q. 39. Was the box as nearly as you can remember in the identical shape, as far as packing is concerned, as this box that is here shown you?

A. I should say it was, yes.

I offer that box in evidence.

Box received in evidence and marked Defendant's Exhibit 8, March 9th, 1911.

Q. 40. On the toe of each sock there was stamped "Notaseme" in a white square?

A. There was on the top one; I didn't go through the box.

Q. 41. On the one that you saw.

A. Yes, on the one that I saw.

Q. 42. And the red square with the black band with Notaseme trade-mark was on the band around the stockings the same way?

A. Yes, sir.

Q. 43. The outside of the box had the black band across it?

A. It did.

Q. 44. With the name Notaseme in red in it, as it is there?

A. It did.

Cross-examination by Mr. BARR:

Without waiving any of the objections to the witness' testimony, this cross-examination is proceeded with.

305 X Q. 1. What was your object in making all these inquiries, Mr. Cowlshaw? My personal object? Simply at the direction of Mr. Jesse Straus.

X Q. 2. Then you did not know why it was done?

A. Why, yes.

X Q. 3. Why was it?

A. I think I'll have to cross out my last answer; personally I do not know why it was done.

X Q. 4. Then you simply followed the direction of Mr. Straus? Made a lot of inquiries which you did not know the purport of at all?

A. Yes, sir.

X Q. 5. How did you know at what houses to inquire?

A. My instructions were to go to stores in a similar line of business as ours.

X Q. 6. Then it is your custom just to fill your orders, and never know what backs it up, what the order means?

A. Yes.

X Q. 7. What did you say your occupation was?

A. Secretary.

X Q. 8. To whom?

A. To Mr. Jesse Straus.

X Q. 9. What are the duties of Secretary?

A. Principally working at the personal directions of Mr. Jesse Straus.

X Q. 10. You have no authority then to go ahead with anything yourself?

A. I have no authority.

X Q. 11. Do you sign any letters?

A. Yes, sir.

X Q. 12. These two labels, one the Notaseme and the other the Irontex, bear a close resemblance to one another, do they not?

A. It is so claimed.

X Q. 13. I am not asking you what is claimed but how they look to you?

Mr. WISE: I object to that as incompetent, immaterial and irrelevant and not in cross-examination of anything that was offered in evidence and any questions that are asked in that line I shall contend are binding upon complainant.

306 A. Seen together, no.

X Q. 14. Then you do not think there is any similarity in the color.

A. Yes.

FRANK WILSON COWLISHAW.

Sworn to before me this 25th day of March, 1911.

JOHN A. SHIELDS,
Commissioner.

Cross-examination of Mr. ACKERMAN resumed.

By Mr. BARR:

X Q. 1. You referred, Mr. Ackerman, to a change which was made in the ticket within the Irontex boxes, in that the words "trade mark registered" were placed on the ticket, did you yourself suggest this change?

A. No. I wouldn't consider it a change. When we put the stocking on sale, as I understand it, Mr. Straus immediately applied

to have a trade mark registered and as soon as it was registered he instructed me to have all the labels printed with these words on it.

X Q. 2. In this ticket, Defendant's Exhibit C, I notice the words "trade mark registered" are directly beneath the word "Irontex," while in the band around the socks in the box, Plaintiff's Exhibit, Defendant's Box, the same words appear at the bottom of the label. Can you explain that in any way?

A. The only way that I can explain it is that one was printed in this country and the other in Germany.

X Q. 3. Which one was printed in this country?

A. The filler, marked Exhibit C. I believe that is so, I can't positively swear that it was printed in this country.

307 X Q. 4. Then on the band the "trade mark registered" might refer to the entire label as much as to the word Irontex, isn't that so?

A. It might.

X Q. 5. Will you look at the filler and state whether the words "trade mark registered" might refer to the whole label just as much in that as in the band, might it not?

A. That I cannot say.

X Q. 6. In other words, you do not know what it refers to in this particular instance?

A. I would not, no.

X Q. 7. Where were they printed, do you know that?

A. I do not.

X Q. 8. Do you know where the red design was printed for the Irontex hosiery?

A. I do not. I believe in Philadelphia.

X Q. 9. Do you know who did the printing?

A. No; I do not.

X Q. 10. Where were the Irontex hose when you first put it on the market manufactured?

A. Philadelphia.

X Q. 11. Were they all made in Philadelphia?

A. To the best of my knowledge.

X Q. 12. Up to the time that you left Macy's did you know of any goods that were manufactured outside of Philadelphia?

A. Yes, some of them were manufactured in Chemnitz, Germany.

X Q. 13. Were these hose identical in texture and knitting and etc., as those made in Germany and those made in Philadelphia?

A. Those made in Germany were a little lighter in quality.

X Q. 14. Did they all come from the same manufacturer in Philadelphia?

A. Yes.

X Q. 15. Where did the women's stockings come from, Philadelphia?

A. Different manufacturer.

X Q. 16. That is, the women's hose came from a different manufacturer from the men's and children's?

A. That is right, exactly.

308 X Q. 17. Now, let us go back, Mr. Ackerman, to what you call the full fashioned hose and I would like you to explain a little more in detail just how these full fashioned socks are made.

DEFENDANT'S COUNSEL: I object to that as incompetent and immaterial on the ground that witness does not profess to be a manufacturer nor experienced in the methods of manufacturing.

Complainant's Counsel replies that the witness has posed as fully qualified to examine and explain the different kinds of hose and has in fact described the difference in the knitting between the Notaseme Hose and the Irontex hose and plaintiff is at perfect liberty to inquire as to how this knowledge was gained.

DEFENDANT'S COUNSEL: Witness has not posed as a manufacturer but testified only as to manufacturers' goods and the different types of manufacture and if examination as to that is proved permissible, I will withdraw my objection if it is limited to that.

WITNESS: May I refer back to the previous questions in my examination before answering this question.

COMPLAINANT'S COUNSEL: I do not see that it is necessary for you to refer to any previous questions or answers. I just asked you to state what you know about this full fashioned stocking.

Question repeated.

X Q. 18. Will you please explain fully what you mean by full fashioned hose and how they are made and how they differ from the seamless hose?

A. I mean by a full fashioned hose a stocking that is made on what has been explained to me as full fashioned frames.
309 As I understand it a full fashioned stocking is what is called a regular made, having a seam running underneath the sole and up the back of the stocking. This full fashioned stocking at certain points near the heel have what I believe is known as narrowings, as has been explained to me by different manufacturers that needles are dropped at these points in order to give the proper shape to a stocking.

X Q. 19. What is a full fashioned frame?

A. I do not know.

X Q. 20. Do you know whether the full fashioning is done before the dieing or not?

A. I understand it is done while the stocking is being knitted.

X Q. 21. Then the stocking, as I understand you, comes right from the knitting machine ready to wear except for the die. Is that so?

A. No.

X Q. 22. What do you mean by the previous answer then? That it is done while knitting, the full fashioning is done while knitting?

A. I mean by the previous question that the stocking is knitted into shape and the stockings are afterwards, I believe, finished. Not being an expert manufacturer I do not know all the processes that a stocking goes through. Only know it in a general way.

X Q. 23. As a matter of fact, Mr. Ackerman, you do not know very much about the manufacturer's process of making stockings?

A. I do not.

X Q. 24. That is so?

A. That is so.

X Q. 25. Do you know the difference between a full fashioned stocking and a seamless stocking?

A. A seamless stocking has no seams and the full fashioned stocking has a seam under the heel and up the back of the stocking and has fashionings, so called fashionings.

X Q. 26. You spoke some time ago of pressing a seamless stocking to get it into shape; do they press the full fashioned stocking just the same?

A. I believe that both stockings are put on boards and dried afterwards.

310 X Q. 27. What about the pressing of them?

A. From what I understand a full fashioned stocking is knitted into a certain size; and from what I understand of a seamless stocking, there are sometimes two sizes made out of one. I do not know the facts but this has been explained to me in some hosiery mills.

Cross examination is closed.

Redirect examination by Mr. WISE:

Q. 1. Mr. Ackerman, I hand you Defendant's Exhibit H from which the filler Defendant's Exhibit C was taken and ask you to state whether the words "trade mark registered" appear the same in both of them?

A. They do.

Q. 2. You were asked a little while ago to make comparisons between the Notaseme label and the Irontex Label; looking at Complainant's Exhibit, Complainant's Box and Complainant's Exhibit, Defendant's Box, will you please state your comparison of them or difference?

A. On the Irontex label, the word Irontex runs from the lower left hand corner towards the upper right hand corner and in each panel certain words appear which makes and forms a reading as follows: "The hose that wears like iron." On the Notaseme label the words run downward and not to the extreme corner like the Irontex. There is no wording in the panels and on each side of the Notaseme label there is certain words and particulars which do not appear on the Irontex.

Q. 3. What Mr. Ackerman is the most conspicuous feature of each label?

A. Name Irontex or Notaseme.

Q. 4. Looking at the bands around the goods in these respective exhibits, will you please state the difference there is, if any?

311 A. The Irontex has a long narrower label and the black runs from the extreme corner of the lower left hand corner to the extreme upper right hand corner. The Notaseme band

is practically square and runs from the upper left hand corner to the lower right hand corner.

Q. 5. Any difference as to the printing appearing on each label?

A. Yes. There is not the printing in the panels of the Notaseme label but in the upper left hand corner of the Irontex label, the words appear "the hose that" and in the lower right hand corner "wears like iron."

Q. 6. What is the most conspicuous feature of each label?

A. The name Irontex or Notaseme?

Complainant's COUNSEL: Objected to as calling for a conclusion.

Hearing adjourned until Friday, March 10th, at 10:30.

JOSEPH F. ACKERMAN.

Sworn to before — this 23rd day *day* of March, 1911.

JOHN A. SHIELDS,
Commissioner.

Testimony to be signed by witness after it is completed.

ROBERT F. BRADFORD, called on behalf of defendants, testified as follows:

Q. 1. What is your name?

A. Robert F. Bradford.

Q. 2. Your age?

A. 30.

Q. 3. Where do you reside?

A. New York City.

Q. 4. What is your occupation?

A. Manager of the hosiery and underwear department at R. H. Macy's.

Q. 5. How long have you been in their employ?

A. A year and eleven months.

312 Q. 6. Since June, 1909?

A. No, since April 4th, 1909.

Q. 7. What was your occupation prior to that time?

A. Manager of hosiery and underwear at R. H. White & Company.

Q. 8. R. H. White & Company a department store?

A. Yes sir.

Q. 9. How long were you in their employ?

A. From 1899-1909.

Q. 10. For ten years?

A. Ten years.

Q. 11. You were buyer during all that time?

A. No, I was not.

Q. 12. How long were you buyer?

A. I was buyer for R. H. White & Company for either three or four years.

Q. 13. And before you were buyer?

A. Assistant to the buyer.

Q. 14. What were your duties as buyer for R. H. White & Company?

A. My duties were to manage the hosiery and underwear department of that store, that is, I bought all the merchandise and saw to the running of the department including the sales, etc.; in other words, managed the department.

Q. 15. Made all the purchases?

A. Made all the purchases.

Q. 16. What, if any familiarity did you have with hosiery?

A. Do I understand you to say what do I know about hosiery?

Q. 17. Well, no, not what you know about it, but what experience you gained in the styles, the make and the character of hosiery that was dealt in?

A. Naturally being the only work that I had to do, managing the hosiery and underwear, I naturally would become quite familiar with these lines. We were in the market a great deal, both in Boston, New York, Philadelphia and in Germany, at least, across the water.

313 Q. 18. Explain exactly what you mean by being in the market?

A. By that I mean that we were continually going to New York, visiting all the hosiery houses and making large purchases there. Going to Philadelphia, I went through the mills and made purchases there. Across the water, by that I mean Germany, France and England, we made large purchases from the different manufacturers there. Naturally keeping in touch with all these different concerns I would gain a considerable knowledge in regards to hosiery, not only in values but as to different styles, etc.

Q. 19. You did not deal with any one special manufacturer or buyer during that time?

A. Well, we tried to make it a point that each one we dealt with was a special manufacturer but we dealt with a great many special manufacturers.

Q. 20. Did you keep abreast of the various styles of goods and qualities of goods in the market by different manufacturers of hosiery?

A. Yes, when I say yes, I mean this, there is only one way for a hosiery man to do that and that is by being shown and looking out for that class of merchandise. Naturally being with a large house, a large department store, we at all times were in close touch with manufacturers of repute and jobbers in the same class.

Q. 21. Now, when you went to R. H. Macy & Co., what were your duties there?

A. My duties were practically the same.

Q. 22. Now, just describe in a general way the business done at R. H. Macy & Company, the class of goods that are dealt in and the manner of dealing; since you went there?

A. R. H. Macy & Company in the hosiery department sell from the medium classes upwards. We do not deal with the cheaper class of goods there. It is a retail department store exclusively.

314 Q. 23. Do you sell *and* goods at any place besides the store at 34th Street?

A. We do not; no, sir.

Q. 24. Do you have any display of goods at the subway station, McAdoo tunnel?

A. We have an office; now I will have to withdraw what I say about not selling goods; we have an office in the Hudson Terminal building where orders are taken by clerks, who are stationed there, and these orders in turn are taken up to the store and filled on the same day that the order is received.

Q. 25. Is there any display of stock?

A. There is, yes, sir.

Q. 26. Of hosiery?

A. Within the past two weeks there has been.

Q. 27. Prior to that time?

A. Prior to that time we did not for the reason that it has been a new proposition with us.

Q. 28. When was that subway station office first opened, if you know?

A. Well, I do not know, but I can guess.

Q. 29. Well, approximately, not exactly?

A. I should say the middle of last fall.

Q. 30. Wasn't it early in the summer?

A. I do not want to say because I don't know.

Q. 31. It was within the past year?

A. Yes, within the past year.

Q. 32. You know the Irontex?

A. Yes, sir.

Q. 33. The stocking that sold at Macy's?

A. At R. H. Macy & Company.

Q. 34. Did you purchase the stocking?

A. I did.

Q. 35. Has there been any change in label since you have been there?

A. Absolutely none.

Q. 36. Has there been any change in the style of advertisement since you have been there?

A. In the papers, none at all.

Q. 37. Did you supervise the advertising for your department?

A. Yes, sir, I did.

315 Q. 38. What kind of stocking is the Irontex?

Complainant's COUNSEL: Objected to as immaterial and irrelevant.

A. The Irontex stocking is made for men, women and children. Men's and women's goods are full fashioned goods, children's have a full fashioned foot with a circular leg; all spliced in the heel, soles and toes with an extra thread of linen.

Q. 39. Are the Irontex stockings sold at any other place than at Macy's?

A. No, sir.

Q. 40. Any other dealer?

A. Absolutely none.

Q. 41. Do you know the so-called seamless hosiery?

A. Yes, sir, I do.

Q. 42. Is the Irontex a seamless hosiery?

Complainant's COUNSEL: Objected to as leading and immaterial.

A. No, sir.

Q. 43. Distinguish the type of goods that the Irontex belongs to from other types?

A. The Irontex stocking, as I said before, is a stocking owned by R. H. Macey & Company in which a great deal of confidence is put. This stocking has great wearing qualities, the proof of which is in the quantity of which we have sold and the numbers of *suctomers* who continually use the Irontex stocking; in fact, we have some customers say they will use no other.

Q. 44. My question was directed more especially to the difference in type of the Irontex stockings and the other stockings in the market, Mr. Bradford.

Complainant's COUNSEL: Objected to as immaterial and irrelevant.

A. It is spliced with the linen in the heel, sole and toe, with which most other stockings are not spliced, thus giving it w-aring qualities that are better. It is a stocking of our own.

Q. 45. Well, has that anything to do with the type of it?

A. I do not know whether I can answer.

Q. 46. How does it differ from a seamless?

Complainant's COUNSEL: Same objection.

A. As we have said before, the Irontex has seams on the sole, heel, running up the back of the leg, which gives the stocking shape not only while new in the boxes but after being laundered. A seamless stocking is a stocking made without the seaming in the sole of the heel nor seam running up the back and is generally spoken of as a stocking that does not hold its shape.

Q. 47. Are the types readily distinguished one from the other?

Complainant's COUNSEL: Objected to as leading.

A. Very, very easily.

Q. 48. You stated that you conducted or supervised the advertising. I hand you a paper, the Evening Mail of Thursday, March 2nd, 1911, on the 16th page, and ask you whether that is an advertisement in the middle column which was approved by you?

Complainant's COUNSEL: Same objection.

A. Yes, it is.

Q. 49. During your administration, has there been any change in the method of advertising these goods in the newspapers?

Complainant's COUNSEL: Same objection.

A. No, sir.

Q. 50. Now, just state what advertising is done in the papers, to what extent?

Complainant's COUNSEL: Same objection.

317 A. You are speaking of Irontex hosiery?

Q. 51. Only?

A. Irontex hosiery is advertised in all or most all the leading newspapers in the City. We make it a point to try to get our ads. in at least once every two weeks. Surely always put in——

Q. 52. In what locality?

Complainant's COUNSEL: Same objection.

Q. 52½. In the City?

A. In the City. It is always put in with our Irontex label and we——

Q. 53. In what way?

A. In this same way.

Complainant's COUNSEL: Same objection.

A. And in a few words describe the wearing qualities and the good points of the stocking. In addition to that we give the prices, the qualities and the colors of the various goods in which we carry the Irontex hosiery.

Q. 54. Do your advertisements in the papers point to any special feature of the sock which you wish to impress upon the public.

Complainant's COUNSEL: Same objection.

A. Yes.

Q. 55. What feature is it?

A. We make it a point to show them that the stocking is full fashioned and also that the wearing qualities of the stocking is improved by the imported linen yard by which the soles, heels and toes are reinforced.

Q. 56. Is the term "full fashioned" ever used for a seamless sock to your knowledge?

Complainant's COUNSEL: Same objection.

A. No, sir, it can never be used for that.

Q. 57. Why not?

Complainant's COUNSEL: Same objection.

A. For the reason that full fashioned and seamless stockings are two entirely different propositions.

318 Q. 58. Does the term "full fashioned" imply that the article has a seam?

Complainant's COUNSEL: Same objection.

A. The term "full fashioned" does not imply that the article has a seam.

Q. 59. You sold large quantities of Irontex hosiery for women, did you not?

Complainant's COUNSEL: Same objection.

A. Yes, sir.

Q. 60. Also for children?

A. Yes, sir.

Q. 61. Did you display signs around the counter?

A. We did.

Q. 62. These signs were printed under your supervision?

A. Under my own.

Q. 63. I hand you Exhibits E and J and ask you whether these were signs displayed?

A. They were, yes, sir.

Q. 64. Now I hand you four signs and ask you to describe what these are?

A. Three of the four signs which you have handed me were signs placed upon Irontex hose for the reason that the goods had been advertised in the day's before paper by us. This was during a sale of Macy's own goods. Irontex, of course, came under that proposition and the goods were advertised, at least the Irontex hose was advertised as our own goods. Consequently these three signs which are marked "as advertised" were placed upon the goods. The fourth sign is a sign which is not often used by us in that we at most all times have our own regular Irontex signs up. This one here is just one that has been written up by our sign painter for some hurried occasion

Q. 65. Which of these are you referring to?

319 A. This one that was gotten up for the hurried occasion, and these other three are Macy's own.

DEFENDANTS' COUNSEL: I offer in evidence the one that has just been described as printed in a hurry.

Sign received in evidence and marked Defendants' Exhibit I, March 10, 1911.

These three signs are offered in evidence, and marked Defendant's Exhibit K, March 10, 1911.

Complainant's counsel objects to the introduction of these exhibits on the ground that they are immaterial and irrelevant.

DEFENDANTS' COUNSEL: I also offer in evidence the advertisement in the newspaper which the witness identified as having been prepared under his supervision.

It is consented that the advertisement only is to be received and marked.

Advertisement received in evidence and marked Defendants' Exhibit L, March 10, 1911.

Q. 66. These signs that you described as being displayed on the counters, were they displayed after each occasion that there was an advertisement.

COMPLAINANT'S COUNSEL: Same objection.

A. The three signs that you have in your hand were only used during our Macy's Own Sale.

Q. 67. Well, just describe just what this means?

COMPLAINANT'S COUNSEL: Same objection.

A. Macy's Own means merchandise of any description which is sold at R. H. Macy & Company's; that is made expressly for them. To go into it better, merchandise that no other dealers can use with the particular name that was placed upon it; branded goods of our own.

320 Q. 68. That is, if I understand you correctly, that Macy's have a sale of goods sold in exclusive names?

A. Yes, their own exclusive names.

Q. 69. Of all their own exclusive goods, they call it a "Macy's Own Sale"?

COMPLAINANT'S COUNSEL: Same objection.

A. Yes, sir.

Q. 70. And these signs were then displayed?

A. They were, yes, sir.

Q. 71. Where were they displayed?

COMPLAINANT'S COUNSEL: Same objection.

A. Displayed on the counters where the goods were sold.

Q. 72. Any particular place in the store?

A. The Irontex signs that you have in your hand, similar signs, only larger, were placed on the top of each hosiery fixture leaning against the pillars.

Q. 73. Placed in conspicuous places?

A. Placed in conspicuous places.

Q. 74. Do you know the Notaseme Hose?

A. I do, yes.

Q. 75. How long have you known it?

A. I have known it, I should say I have known of it for two years and one-half or three years.

Q. 76. Before you came to R. H. Macy & Company's?

A. Yes, sir.

Q. 77. Did you ever buy any? I mean in the course of business?

A. Yes, if I am not mistaken, I think I did buy some for R. H. White & Company, but I do not remember at the time, I do not remember now whether it was put up in that name or not but I know that I did buy some of the goods.

Q. 78. Did you know the Milander, Newman Company?

A. Yes.

Q. 79. Do you know Mr. Newman, who is sitting here now?

A. Yes, sir.

321 Q. 80. And you knew Mr. Milander?

A. Yes.

Q. 81. Did you deal with them before they went into business together?

A. I dealt with Mr. Milander before that.

Q. 82. As buyer for R. H. White & Company?

A. Yes, sir.

Q. 83. What is the distinguishing feature of the Notaseme goods?

Complainant's COUNSEL: Objected to as calling for a conclusion of the witness.

A. It has the same feature that other seamless hose has in that there are no seams on the foot or leg.

Q. 84. Do you know how the Notaseme article is known in the trade, if you know?

A. I do not know.

Q. 85. How have you heard it called?

A. By the name Notaseme.

Q. 86. Have you ever heard it called in any other way?

A. No, I have not.

Q. 87. How are stockings and hosiery generally known in the trade?

Complainant's COUNSEL: Objected to as immaterial and irrelevant.

A. When you say "by the trade," you mean manufacturers and jobbers, do you?

Q. 88. Yes, or consumers, if you know?

Complainant's COUNSEL: Same objection.

A. With manufacturers or jobbers we usually speak of the stocking as the manufacturer's name or the jobber's name. The consumer, that is the customer who buys over the retail counter, buys from every style or whatever name, if the stocking has a name, is given to it.

322 Complainant's COUNSEL: The latter part of that answer is objected to as conclusive.

Q. 89. Have you had any personal experience at the counter?

A. I have not, no sir.

Q. 90. Then so far as the consumer is concerned, you cannot state of knowledge?

A. Other than the knowledge that is given to me by my clerks and which is quite a considerable lot.

Q. 91. In what way is that?

A. In my talks with them.

Q. 92. Now, you have a system at Macy's called the "call system," haven't you?

Complainant's COUNSEL: Objected to as immaterial and irrelevant.

A. Yes, sir.

Q. 93. Now, will you describe what that system is, very briefly?

A. A call system is a brown slip of paper with some printed matter at the top and which is inserted in our clerk's salesbook every morning. Upon this she writes whatever calls she has from customers for merchandise which she does not carry in stock. Of the particular department that she happens to be in. This in turn is collected at night and sent to another clerk in the office, who condenses them upon one card or two cards, whatever the case may be. These card or cards are sent to me. I go over them very care-

fully, write down my answers opposite or on a line below each call what I think. If it is merchandise that I want in stock I order it, if it isn't, why we don't order it and I have a talk with the sales person with reference to that particular item. The card is then signed by me and sent to my immediate superior.

Q. 94. Who is that?

A. Mr. Jesse I. Straus, who occasionally will call me up and talk to me about these various calls.

323 Q. 95. Does Mr. Jesse Straus buy any goods?

A. He does not, no sir. Not in the hosiery department.

Q. 96. I mean in the hosiery department?

A. No, sir.

Q. 97. You report to him?

A. I do, yes, sir.

Q. 98. That is all his connection with the department?

A. That is all.

Q. 99. Now, during the period that you were in charge of Macy's hosiery department, were there many calls for goods that you did not keep?

A. Yes, sir.

Q. 100. Can you tell from recollection whether there were many calls for Notaseme hosiery?

A. As I remember now, I have never seen a call on the call slip for Notaseme Hose, but in some of my lectures with the sales people in the department, this was some little while ago, one of the young ladies did bring up the word "Notaseme," but I was negligent at the time and did not ask her how or where she had got knowledge of that stocking. This particular person I do not remember at the present moment who she was.

Q. 101. What do you mean by lectures?

A. I give a lecture in my department once a week.

Q. 102. To all your clerks?

A. To all my clerks. I get them together and talk with them on every subject pertaining to hosiery, if it happens to be my hosiery night for lectures, that is brought up. They are at perfect liberty to ask me any questions they want with reference to hosiery; to the manufacturing end; to any of the qualities, etc.

Q. 103. Is there any rule in your department or at Macy's as to the substitution of one class of goods for others?

Complainant's COUNSEL: Objected to as immaterial and irrelevant.

324 A. Without the knowledge of the customer to do such a thing would be the most serious thing that a girl could do. A sales person can——

Q. 104. Is there any particular rule?

Complainant's COUNSEL: Same objection.

A. Yes, sir.

Q. 105. What is the rule?

Complainant's COUNSEL: Same objection.

A. The rule is this: no substitutions are to be made except the customer is told about it; if it comes through the mail, the buyer or manager of that department is to sign the letter or note which is sent to the customer. In this way the buyer cannot help but know about the substitution.

Q. 106. Is that rule communicated to the clerks?

A. Yes, sir.

Complainant's COUNSEL: Same objection.

Q. 107. Have you personally communicated it to the clerks in your department?

Complainant's COUNSEL: Same objection.

A. A great many times.

Q. 108. On more than one occasion?

Complainant's COUNSEL: Same objection.

Q. 109. Mr. Bradford, will you look at the labels on Complainant's Exhibit, Complainant's Box and Complainant's Exhibit, Defendants' Box, these two boxes, and state what in your opinion as a buyer of hosiery is the conspicuous feature of the labels?

A. The word.

Q. 110. What word in the one and in the other?

A. The word "Notaseme" and the word "Irontex."

Complainant's COUNSEL: The last two previous questions are objected to as calling for a conclusion. The exhibits speak
325 for themselves.

Q. 111. In each sock there is a filler?

A. Yes, sir.

Q. 112. That is put in on the top of the sock?

A. Yes, sir.

Q. 113. You are familiar with the method of packing the Notaseme hosiery?

A. I am not.

Q. 114. You have seen them, have you not?

A. I have seen them, yes.

Q. 115. As far as you know, is the stamp in the toe of the Notaseme the same as was there when you first bought the sock at White & Company?

A. That I do not think I would be able to remember.

Q. 116. Is it usual and customary to stamp a name by which a sock is known on the toe?

A. In a great many instances, yes; in some instances they are put on the heel.

Q. 117. It is stamped on the sock in some place?

A. Yes, sir.

Q. 118. Do you know of any instances where that is done in colors?

A. On the sock? No, sir.

Q. 119. Mr. Bradford, you called down the two young ladies that were here yesterday and testified, did you not?

A. Yes, sir.

Q. 120. How did you get their names?

A. You showed me two sales slips. In a department store a sales clerk does not go as much by name as they do by numbers, because it would be very inconvenient for a person to write their name out on a sales slip, therefore they are given a number and they write this number. When you showed me the two numbers I immediately knew they were two clerks in the hosiery department and all I had to do was to 'phone for these two numbers.

Q. 121. And you did so phone?

A. I did.

Q. 122. You had no knowledge, did you, of who the persons were that made the sales that were described by Mr. Keefe
326 in this case before that time?

A. I did not.

Q. 123. That was the first intimation you had?

A. That was the first, yes, sir.

Cross-examination by Mr. BARR:

The cross-examination is proceeded with without waiving any of the objections heretofore noted.

X Q. 1. Mr. Bradford, when you were with R. H. White & Company, didn't you state you bought hosiery from Philadelphia? Will you please give the names of the manufacturers you purchased from there?

A. Would I have to answer that, Mr. Wise?

Defendants' COUNSEL: Well, as far as I am concerned, it is, of course, utterly immaterial. The witness, however, for his own sake, if he desires to conceal anything prior to his employment by R. H. Macy & Company concerning his dealings for R. H. White & Company, is at liberty to refuse to answer.

Complainant's Counsel objects to any instructions given the witness as to what he shall answer or as to whether he shall not answer. We are dealing directly with the cross-examination and the examiner is asked to repeat the question.

Question repeated.

A. I do not care to answer that question, because I feel that when I was with R. H. White & Company I gave them my whole self and when I left them, nothing was said, of course, but certain business relations should at all times be kept to yourself.

327 Defendants' COUNSEL: Mr. Bradford, is there any special reason why you should not disclose the names of some of the manufacturers?

A. The reason is this, when I do buy merchandise and I did buy merchandise then and I buy merchandise today from manufacturers who do not want me to let out their names for the reason that they are doing business with jobbers. The jobbers know that they do business with us, and the jobbers would either make me sell the goods——

Defendants' COUNSEL: Outside of special instances can you name, please, the manufacturers you have dealt with?

A. I can do that.

Complainant's COUNSEL: The attention of the Court is directed to the fact that the question is a fair one and is not asked to pry into the private affairs of any company, and furthermore, the attention of the Court is called to the attitude which the witness has assumed in regard to this examination. The examiner is requested to repeat the question.

Question repeated.

A. From the Philadelphia Knitting Mills; from the International Silk Hosiery Mills; from the Lee Hosiery Mills, and the Milander, Newman Company; Bower & Kaufman. There were others, but just now I can't recall the names; one concern I think was Rosener & Loeb, I am not positive.

X Q. 2. About how much hosiery did you purchase in Philadelphia, altogether say in a year?

A. That is a hard question to answer, for the reason that it was so long back that I have forgotten it. You are speaking now of

R. H. White & Company? Of course, the goods were of the 328 cheaper class, with the exception of the silks, and I sold quite a lot of the cheaper grade. In a year's time you say? Well, I'll say \$30,000, and half of that would have been silks.

X Q. 3. Will you state approximately how much you purchased from Milander & Newman?

A. I wouldn't want to state that for the reason that I don't know. What I bought from them was children's hosiery, and I am under the impression that I did not use over, between \$500 to \$1,000.

X Q. 4. This figure represents the entire amount that you purchased from the Milander, Newman Company?

A. This figure represents what I am figuring in my own mind. I do not know. I say I do not know.

X Q. 5. How were these Milander & Newman goods packed at that time?

A. I do not remember the packing of the goods, but it seems to me that I do remember a conversation with Mr. Milander that they would label and have a packing of their own. The goods themselves I cannot, do not remember. I know I was one of the first purchasers of the goods.

X Q. 6. When was this order placed?

A. I think it was in 1908. I think it was in the spring of the year, the early spring.

X Q. 7. Is it not a fact that the Milander-Newman goods were at that time distinguished by red and black labels such as you see on Complainant's Exhibit, Complainant's Box?

A. That I do not remember. As I have said before, I remember my conversation with Mr. Milander. I do not even remember the goods coming in. I know at the time that I made the purchase that you were not in condition to do much work. I remember that

you had only made up a few pairs as samples. This was his first trip?

329 X Q. 8. You mean this was Mr. Milander's first trip?

A. His first trip.

X Q. 9. For this new stocking when it was gotten out?

A. Before that time I had bought goods off him that were seconds that he said he would turn over from other jobbers at a small commission, which he did.

X Q. 10. You say these goods were delivered in the spring of 1908, that so?

A. As far as I remember, yes.

X Q. 11. The order then must have been placed some time before, isn't that true?

A. I say the order was given some time in the early spring of 1908; and the goods were delivered a short time after that.

X Q. 12. As I understand you, the goods were delivered in the early spring of 1908?

A. In April I placed the order.

X Q. 13. Not earlier than that?

A. I placed the order in the early spring and the goods were delivered some time after. They were summer goods; they were light weight goods.

X Q. 14. I would like to get that point cleared up. As you have stated, the goods were delivered in the spring of 1908, and want to know whether it isn't possible that the order was given in the fall of 1907?

A. The order was not given in the fall of 1907 for this reason. I had had the department a year, and how I fix this in my mind is this: I had had the department a year and the merchandise manager had gotten through on the 1st of January, and he at the time, I met him afterwards on the street, didn't know, and I told him about the new proposition that the Milander & Newman people had on their mind and I told him that I had made purchases of the same.

X Q. 15. January of that year?

A. That must have been January of 1908.

330 X Q. 16. When did you meet him on the street?

A. Some time it might have been during the next month or during that month. I am not positive.

X Q. 17. In all probability then you had ordered these goods in the month of January, 1908?

A. In all probability, yes.

X Q. 18. You are familiar with the label which the Notaseme Hosiery Company placed on their goods?

A. Now I am, yes, sir.

X Q. 19. How long have you been acquainted with this label?

A. I do not know how long I have been acquainted with it; how long I have known it, for the reason that it did not impress anything on my mind until I got a letter (I think I got the letter that was spoken of yesterday from Milander, Newman Company or their attorney), I think it was some time in April.

X Q. 20. Have you had any dealings with the Notaseme Hosiery Company since leaving R. H. White & Company?

A. I have not.

X Q. 21. Have you ever seen or talked with any of the members of the firm of Milander & Newman Company, which this Notaseme Company succeeded in business?

A. Yes, sir; I have.

X Q. 22. When did you talk with them and what did you talk of?

A. I do not know when it was that I saw Mr. Milander, some time about a year ago. I do not know when it was. I should say it was about a year ago.

X Q. 23. Where did you talk with him?

A. In R. H. Macy's store.

X Q. 24. Did you ever talk with him any place else?

A. It seems to me that I have seen him somewheres else. I went out to dinner with him and his wife that night, or he went out to dinner with me at least, but whether I saw him before that time I do not, cannot remember. Seems to me I have.

X Q. 25. Did you have any conversation with him about the label? The Notaseme label?

A. Not that I remember. I did have a conversation; I was asked to look at his goods, I remember.

X Q. 26. When was this?

A. Well, I think about a year ago.

X Q. 27. Did you ever visit the factory of the Notaseme Hosiery Company?

A. I have, yes, sir.

X Q. 28. What was the purpose of that visit?

A. To make a purchase.

X Q. 29. For whom?

A. R. H. White & Company.

X Q. 30. Have you ever visited it since that time?

A. I did, yes, sir.

X Q. 31. When was this?

A. That I do not know. It was within two years, since I have been with R. H. Macy & Company.

— Q. 32. What did you make that visit for?

A. That was a friendly call.

X Q. 33. Was anything said to you at that time about the Notaseme label?

A. I think Mr. Newman did speak about it to me. I think he did.

X Q. 34. What did he say about it?

A. I do not remember that.

X Q. 35. You say this is over two years ago?

A. At the time it did not impress me.

X Q. 36. Did you go through the factory at that visit?

A. No, I did not. I did not because I did not have time.

X Q. 37. Did you see a large stock of goods packed and labeled at that time?

A. To the best of my recollection, "no," for the reason that I

was just in Mr. Newman's office and his office opens out on the stairway that leads to the street; at least it opens out on a balcony that leads to the street.

X Q. 38. You are perfectly sure that at this visit you did not go through the factory and are willing to so state under oath?

A. Positively.

X Q. 39. I now hand you Defendants' Exhibit K, is there any difference in "Macy's Own" stocking or hose from the others
332 which is packed in the Irontex boxes?

A. They are one and the same.

X Q. 40. I understand you to say that these Macy's hose were hose which you purchased especially for some sale that you made a specialty of, isn't that so?

A. No, you misunderstood me.

X Q. 41. Then, if I understand you correctly, these labels refer to, these advertising signs refer to a special sale of Irontex hose?

A. No, that which you speak of, this card, no. This card here refers to Irontex hose.

X Q. 42. A special sale of Irontex hose?

A. No, this card refers to a special sale of everything that are "Macy's Own" goods. One of "Macy's Own" goods is Irontex hosiery.

X Q. 43. Where are these goods made. Mr. Bradford?

A. The Irontex hose is made in Philadelphia and in Chemnitz, Germany.

X Q. 44. Will you look at these three labels and state whether you find these three signs marked Exhibit K, and state whether you find on them any label similar to the label on the different exhibits of the Irontex hose?

A. There is not.

X Q. 45. Will you now please look at Exhibits E, F, I and K, defendants' exhibits, and ask you whether you find on any of these signs any reference to "full fashioned" hose?

A. No, I do not.

X Q. 46. Do you consider this an important feature of the hose?

A. The "full fashioning," very important.

X Q. 47. Why didn't you put it on your display signs so that the public could know of this wonderful feature?

A. These display signs are changed quite often; for instance, the wording of that there; the wording of Exhibit F might be changed this coming week or a week after. The label which is pasted on will always be the same. These cards which we have in
our various exhibits here are show cards and do not last for-
333 ever with us. We destroy them in short order and put up new ones, and the wording is very often different.

X Q. 48. Do you find on any of these exhibits any reference to the "full fashion" method of making?

A. I do not.

X Q. 49. I note on Defendant's Exhibit F that the hose are advertised as of excellent quality cotton with soles, heels and toes spliced with imported Belfast linen, thus insuring double the wear of an

ordinary stocking, this brings out the particular description of the goods you wish the public to know about, isn't this so?

A. Not necessarily.

X Q. 50. You evidently do not consider it of any importance whether the public know that the same were "full fashioned" or not, according to the half dozen signs which are in exhibit here, isn't that so?

A. No, that isn't so. We do consider it very important that the customer know that the goods were "full fashioned."

X Q. 51. Why didn't you ever display this "full fashioned" idea?

A. We did display it; we displayed it on cards similar to those which you have before you.

X Q. 52. I now show you the filler ticket taken from Complainant's Exhibit, Defendants' Box, and ask you to state if you find on that filler ticket any reference to "full fashioned" hose?

A. No, I do not.

X Q. 52½. These tickets have always been printed the same, have they?

A. To my knowledge, yes.

X Q. 53. You referred to a lecture on hose that you gave and you stated that one of the girls brought up the Notaseme hose, I would like to know how she brought it up, will you please explain?

A. I'll have to explain these lectures. These lectures are given so that the clerks in the department, specially of my own department, so that the clerks in the hose department can gain all the knowledge that I have in reference to hosiery. In our talks I try to
334 find out from them what they knew, usually in the way I found out what they did not know on that particular subject and talked with them about it. I asked them all kinds of questions with reference to hosiery, etc. Invariably in our lectures I brought in the Irontex hosiery that it was a stocking of our own and cannot be purchased elsewhere, and asked them if they have calls for other goods, how the customers act, etc. As was stated yesterday, we did have a call, many calls for the Holeproof hose and for the Everwear. I got this knowledge through these lectures that I have spoken of. The Notaseme hosiery, as I have said before, one of the young ladies in a lecture some time ago, early last fall, spoke about the Notaseme hose and I do not remember what I said at the time, but I expect that I explained in full to the clerks, all as one, all I knew about the stocking.

X Q. 54. When did she ask about it?

A. That I cannot answer you, for the reason that I do not remember; I know the name was brought up, and whether it was a call in the department or whether it was something that she had seen advertised or what it was I do not know and who the girl is I cannot remember.

X Q. 55. It might have been one of the two young ladies that were here yesterday?

A. It might have been any of the girls in my department. If anything of interest in the hose line comes up, any of my clerks in the hosiery department hear about, they invariably come to me about it.

X Q. 56. Is it not a fact, Mr. Bradford, that it is customary in the hosiery trade for different manufacturers to dress their goods differently so that the public generally can distinguish one manufacturer from another? Do they dress them differently?

A. Well, they do not dress them differently; if the brand
335 of the stocking is "B. H.," "B. H." is stamped on the toe; if it is "Onyx," "Onyx" is stamped on the toe; if it is "B. H.," the band around the goods is stamped "B. H."; if it is "Onyx," the band around the goods is stamped "Onyx"; the box cover is stamped "B. H." or the box cover is stamped "Onyx," if that is different, yes, but it is only done in the name that is put on it.

X Q. 57. You can tell, can you not, by looking at any box of hosiery which you may see, just who the manufacturers are?

A. No, unless I see the name of style number on the stocking. If I see Onyx printed across it, I know it is Onyx; if I see "B. H." printed across it, I know it is "B. H." If Onyx, I know it belongs to Lord & Taylor; if it is "B. H." I know it belongs to F. Viator & Achelis.

X Q. 58. That is you look at the outside of the box and see that particular wording on it, you can tell the box by that wording?

A. I can tell whose goods they are by that wording, yes, sir.

X Q. 59. I now call your attention to the hose in Complainant's Exhibit, Complainant's Box, and ask you to look at the toe, at the design and wording on the toe of the hose, and state if it isn't true that there is nothing on the stocking that would indicate that that was a trade-mark?

A. You want to know if that appeals to me as a trade mark or not?

X Q. 60. I want to know if you find anything that would indicate that that was a trade mark?

A. No, I do not.

X Q. 61. Isn't it true, Mr. Bradford, that this stamping on the toe of the hose that I have just shown you soon rubs out after washing?

A. Yes, sir, it is true.

Cross-examination closed.

336 Redirect by Mr. WISE:

Q. 1. Mr. Bradford, looking at the exhibit, Complainant's Box, with the stamp in white, now compare it with the stamp on the wrapper. Will you please state whether it is similar or dissimilar to it excepting colors?

A. The wrapper has got the word "trade mark" on it, the stocking here has not.

Q. 2. Is there any other difference excepting insofar as color is concerned?

A. Then there is a description of the stock attached below in this particular instance. The word- "silk lisle" is added to the Notaseme.

Q. 3. It appears below the square?

A. It appears below.

Q. 4. Otherwise there is a square in the one as there is in the other?

A. Yes.

Q. 5. And there is a band upon the upper left hand corner to the lower right hand corner?

A. Yes.

R. D. Q. 6. And the name of Notaseme in script?

A. Yes, sir.

R. F. BRADFORD.

Sworn to before me this 25th day of March, 1911.

JOHN A. SHIELDS,
Commissioner.

Subject to objection of complainant's counsel as to immateriality, irrelevancy and incompetency, the offer of the correspondence of the Milander, Newman Company with the Patent Office is offered in evidence, the complainant's counsel waiving proof of production
337 of the originals or certification thereof in the Patent Office.

Received in evidence and marked Defendants' Exhibit M, March 10, 1911.

Subject to the same objection, defendants offer in evidence "Trade mark of Warner Bros.," registered August 2, 1881, and the declaration and statement, numbered 8544.

Received in evidence and marked Defendants' Exhibit N, March 10, 1911.

Complainant's counsel objects to the exhibits of the Milander, Newman application just placed on record, on the ground that this application is immaterial and irrelevant to all the present issues and on the ground that the issuance of the trade mark by the Patent Office is prima facie the best evidence; objection is also made to the introduction of a trade mark to Warner Bros., on the ground, first, that it is not set up in defendants' answer and, secondly, that it is immaterial and irrelevant since it relates to corsets and has no bearing on the present class of goods which are hosiery.

On consent of counsel, the hearing was adjourned until March 17th.

Defendants' Proofs Closed.

338 Circuit Court of the United States, Southern District of New York.

In Equity. No. 109.

NOTASEME HOSIERY COMPANY, Complainant,
against

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm-name and Style of R. H. Macy & Company, Defendants.

D. Frank Lloyd (Robert M. Barr, R. Hayward Fairbanks, of Counsel), for Complainant.

Wise & Seligsberg (Edmond E. Wise, of Counsel) for Defendants.

HAZEL, J.:

The bill in this case alleges unfair competition in trade and infringement of trade-mark adopted and used by complainant corporation since October 1, 1907, as a label in connection with the manufacture and sale of hosiery. There is attached to the statement and declaration a sketch or drawing of the trade-mark which consists of a square having a black band extending diagonally from the left hand upper corner to the lower right corner of the design, and a triangular space or panel above and below the band printed in red. There is no other mark, lettering, or coloring specified in the application filed December 14, 1907, and registered May 4, 1909, 339 though the evidence shows that the mark as used by the complainant has printed upon the band in white script the word "Notaseme," and on a flourished ending of the script are printed the words "Trade Mark," while the words "Reg. U. S. Pat. Off." are in small type underneath the design, as required by statute. The drawing also shows a narrow white border on either side of the diagonal band, but in actual use such border is of decorative gold.

The alleged infringement of the registered trademark consists in the adaptation and use by the defendants of labels for their boxes, cartons, and advertisements in connection with the sale of stockings, which comprise a rectangular design with a diagonal black band extending across and dividing it into an upper and lower panel of space, each being red in color. On the black band the trade-mark "Irontex" is conspicuously printed in white script, and in the upper panel is inserted in black type, "The hose that," and in the lower panel the words, "wears like iron." The band upon which the word "Irontex" is printed extends from the lower left-hand corner to the upper right-hand corner.

The evidence produced shows that the defendants adopted their trade-mark and label about six months after the adoption of the trade-mark by complainant. If the trade-mark or label in controversy is valid the defendants have not the right to appropriate it in conjunction with the sale of a like vendible commodity by either copying, imitating or simulating it. But the defendants contend that the principal characteristic of complainant's trade-mark was the word "Notaseme" which was refused registration by the Patent Office on account of its descriptive character, that complainant in legal effect disclaimed such word as an element of the combination comprising the trade-mark, and that the continuance 340 of the use of the word "Notaseme" in connection with the representation that such word was also an element of the registered trade-mark renders the latter invalid. Whether the contention comes within the rule of the decisions to which attention is directed is a question not altogether free from difficulty.

To merely display the word "Notaseme" on the face of the design would not disentitle the complainant to relief, but the addition of the words "Trade Mark" printed on the flourished ending of the script was, I think, a material misrepresentation. It is a well-established rule of law that a trade-mark is in the nature of a property right which a court of equity will protect from invasion, but he who seeks

relief must himself be free from fraud or misrepresentation. The Prince Mfg. Co. v. Prince's Metallic Paint Co., 135 N. Y., 24; Preservaline Mfg. Co. v. Heller Chem. Co., 118 Fed. Rep., 103. Ordinarily misrepresentations to the public arise from statements appearing on the trade-mark relating to the materials composing the manufactured article and the place of manufacture. Manhattan Medicine Co. v. Wood, 108 U. S., 218. In Holzapfel's Co. v. Rahtjen's Co., 183 U. S., 1, a principle is enunciated by the Supreme Court which is determinative of this question and which seems to broadly include a false claim or misrepresentation of the character appearing on the face of the complainant's trade-mark. In that case it was held that no right to a trade-mark which includes the word "patent" or describes the article as "patented" can arise when the article is unpatented, and the Supreme Court said:

"A symbol or label claimed under a trade-mark, so constituted or worded as to make or contain a distinct assertion which is false, will not be recognized, nor can any right to its exclusive use be maintained."

341 There are earlier cases in the lower federal courts holding that there can be no title in a trade-mark which operates to mislead or deceive the public, and that the defendant may avail himself of such deception by answer even though infringement is imputable to him. Consolidated Fruit Jar Co. v. Dorflinger, Fed. Cas., 3,129. And in Preservaline Mfg. Co. v. Heller Chem. Co., supra, Judge Kohlsaat denied equitable relief in an unfair competition case where no false statements were made in connection with the trade-mark or packages, but where it appeared that in advertising circulars the word "patented" was used in relation thereto. While it is true that the misrepresentation in each instance in the cases cited implied that the article was patented or that the patent had not expired, yet it seems to me that the same principle, as emphasized in the Holzapfel case, applies here. The exclusive right to the use of the word "Notaseme" was apparently disclaimed in the Patent Office, and yet the complainant continued to use such word at the same time claiming it was a feature of the combination comprising the registered trade-mark. Such misrepresentation by complainant invalidates the registered trade-mark and operates as a bar to equitable relief from the asserted infringement by the defendants.

The next ground for relief to be disposed of is whether, notwithstanding the invalidity of the trade-mark, the defendants are guilty of unfair dealing in trade. That there is in defendants' label a resemblance to complainant's label would seem to be apparent on comparison. The form or shape of the label, the diagonal black band, the red panels, and the white lettered inscription on the band tend to create the impression that the labels used on the boxes containing the defendant's hosiery are the labels of the complainant; but the resemblance or similarity is not thought sufficiently close to

342 justify the presumption of an intention by the defendants to mislead the ordinary buyer into buying their goods when he intended to buy those of the complainant. The variations made by the defendants in their label, though probably not a complete

differentiation, nevertheless were sufficient to require proof that some individual buyer had been deceived.

Complainant produced testimony of specific sales to show that there was a palming off of the goods of the defendant for those of the complainant, but I am left unpersuaded by such testimony. The witness Keefe swears that he bought stockings at defendants' store on three different occasions. On the first and second visits to the defendants' store he pointed out to the saleswoman the box of hosiery he wanted to buy, and he swears he does not recall what was said by either the saleswoman or himself at the time of the purchase, or what happened on any of the occasions in relation to which he testifies. It appears that he made a report in writing to the complainant of a purchase of stockings on July 19, 1910, wherein he stated that he had asked the saleswoman for a pair of "Notaseme" hose and he purchased the hose delivered to him by the saleswoman which were those of the defendants. The Exhibit report was not used by him to refresh his recollection or in relation to the said purchase, and it is therefore not entitled to consideration as evidence tending to establish the fact. At the time of such claimed purchase he was accompanied by a friend who had been instructed to observe the transaction with the view of later becoming a witness if necessity arose. Such witness, however, is not produced.

Evidence has been given by the defendants to show that their labels, which they placed on the front edge of the boxes containing their hosiery, were of rectangular shape and that in addition thereto they placed on the front edges of the covers of the boxes another label which had printed on it in clear type the name "Macy's"; that after the adoption of their trade-mark "Iron-tex" they extensively advertised it in connection with the sale of stockings in the newspapers of New York City and created a demand for the particular kind of stockings sold by them. Under the circumstances I am satisfied that no confusion resulted from the similarity of the two labels and that the substitution of the defendants' goods for those of the complainant is not proven.

The bill is dismissed, with costs.

Dated February 9, 1912.

J. R. H., D. J.

(Endorsed :) U. S. District Court, S. D. of N. Y.—Filed Feb. 12, 1912.

344 Circuit Court of the United States, Southern District of New York.

NOTASEME HOSIERY COMPANY, a Corporation Organized and Created under and by Virtue of the Laws of the State of Pennsylvania, Complainant,

against

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm-name and Style of R. H. Macy & Company, Defendants.

Decree.

This cause having come on to be heard on the 24th day of October, 1911, upon the pleadings and proof, and Robert M. Barr, Esq., having been heard on behalf of the complainant, and Edmond E. Wise, Esq., having been heard on behalf of the defendants, and due deliberation having been had, it is

Ordered, adjudged and decreed that the Bill of Complaint herein be and the same hereby is dismissed, with costs to defendants to be taxed.

March 18th, 1912.

JOHN R. HAZEL,
U. S. Judge.

Approved as to form.

E. HAYWARD FAIRBANKS,
ROBERT M. BARR.

Endorsed: U. S. District Court, S. D. of N. Y. Filed Mar. 20, 1912.

345 In the United States District Court, Southern District of New York.

In Equity. No. 109.

NOTASEME HOSIERY COMPANY, Complainant,
vs.

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm-name and Style of R. H. Macy & Company, Defendants.

Petition for Appeal.

And now this 1st day of April, 1912, comes Notaseme Hosiery Company, the complainant in the above entitled cause, by its counsel, and, considering itself aggrieved by the decree entered herein on the 20th day of March, 1912, whereby its bill of complaint was dismissed, petitions this Court for an order allowing it to prosecute an appeal from the said decree dismissing its bill to the Honorable the United States Circuit Court of Appeals for the Second Circuit

under and according to the laws of the United States in that behalf, made and provided.

And your petitioner will ever pray.

ROBERT M. BARR,
E. HAYWARD FAIRBANKS,
Solicitors for Complainant.

346 In the United States District Court, Southern District of New York.

In Equity. No. 109.

NOTASEME HOSIERY COMPANY, Complainant,
vs.

ISIDOR STRAUS and NATHAN STRAUS, Trading and Doing Business
under the Firm-name and Style of R. H. Macy & Company,

Assignment of Errors.

And now this 1st day of April, 1912, comes Notaseme Hosiery Company, complainant and appellant, and says that in the proceedings of the said Court in the above entitled cause and in the decree made and entered therein on the 20th day of March, 1912, there are manifest errors, to wit:

1. The Circuit Court erred in not granting an injunction as prayed.

2. The Circuit Court erred in holding the complainant had misrepresented its trade-mark.

3. The Circuit Court erred in holding the complainant's trade-mark was null and void by reason of an alleged misrepresentation.

347 4. The Circuit Court erred in holding the complainant should have produced evidence to prove an individual buyer had been deceived by defendants' goods.

5. The Circuit Court erred in not holding complainant's trade-mark valid and infringed by defendants' mark and in not directing a decree for an injunction and accounting.

6. The Circuit Court erred in not holding defendants' acts constituted unfair competition in trade.

7. The Circuit Court erred in dismissing the Bill of Complaint with costs to these defendants.

Wherefore the said complainant and appellant prays that the said decree dismissing the said Bill of Complaint be reversed.

ROBERT M. BARR,
E. HAYWARD FAIRBANKS,
Solicitors for Complainant.

348 In the United States District Court, Southern District of New York.

In Equity. No. 109.

NOTASEME HOSIERY COMPANY, Complainant,
vs.

ISIDORE STRAUS and NATHAN STRAUS, Trading and Doing Business
under the Firm-name and Style of R. H. MACY & Co., Defendants.

Order Allowing Appeal.

Notaseme Hosiery Company, the complainant in the above-entitled cause, having presented and filed its petition for an order allowing an appeal to the United States Circuit Court of Appeals for the Second Circuit, from the decree dismissing the Bill of Complaint in said cause and having filed with said petition the assignment of errors;

Now, this 1st day of April, 1912, on motion of complainant's solicitor, it is

Ordered, that an appeal to the United States Circuit Court of Appeals for the Second Circuit from the decree made on the 20th day of March, 1912, dismissing the Bill of Complaint in the above cause, be and the same is hereby allowed, appeal bond to be entered in the sum of five hundred dollars (\$500.00), and upon the entry thereof, it is further ordered that a transcript of the record
349 and proceedings in this Court be certified to the said Circuit Court of Appeals according to law and a citation issued accordingly.

JOHN R. HAZEL,
U. S. J.

In the United States District Court, Southern District of New York.

In Equity. No. 109.

NOTASEME HOSIERY COMPANY, Complainant,
vs.

ISIDORE STRAUS and NATHAN STRAUS, Trading and Doing Business
under the Firm-name and Style of R. H. MACY & Co., Defendants.

By the Honorable John R. Hazel, one of the Judges of the District Court of the United States for the Southern District of New York, in the Second Circuit:

To Isidore Straus and Nathan Straus, trading and doing business under the first name and style of R. H. Macy & Co., Greeting:

You are hereby cited and admonished to be and appear before a United States Circuit Court of Appeals for the Second Circuit, to be

holden at the Borough of Manhattan, in the District and Circuit above named, on the 3rd day of May, 1912, pursuant to a Petition of Appeal filed in the Clerk's Office of the District Court of the United States for the Southern District of New York, wherein Notaseme Hosiery Company is Complainant-Appellant and you are Defendants-Appellees, to show cause, if any there be, why the judgment in said decree mentioned should not be corrected and speedy justice should not be done in that behalf.

Given under my hand at the Borough of Manhattan, in the City of New York, in the District and Circuit above named, this 4th day of April, in the year of our Lord One Thousand Nine Hundred and Twelve, and of the Independence of the United States the One Hundred and Thirty-sixth.

JOHN R. HAZEL,

*Judge of the District Court of the United States
for the Southern District of New York, in
the Second Circuit.*

(Endorsed:)—U. S. District Court, S. D. of N. Y.—Filed April 5, 1912.

UNITED STATES OF AMERICA,

Southern District of New York, as:

I, Thomas Alexander, Clerk of the District Court of the United States of America, for the Southern District of New York, in the Second Circuit, do hereby certify that the foregoing pages, numbered from one to 269, inclusive, contain a true and complete transcript of the record and proceedings had in said Court, in the cause entitled, Notaseme Hosiery Company, Complainant-Appellant, against Isidore Straus and Nathan Straus, trading and doing business under the firm name and style of R. H. Macy & Co., Defendants-Appellees, as the same remain of record and on file in my office.

In testimony whereof, I have caused the seal of said Court to be hereunto affixed, at the City of New York, in the Southern District of New York, in the Second Circuit, this 8th day of May, in the year of our Lord One Thousand Nine Hundred and Twelve, and of the Independence of the said United States the One Hundred and Thirty-sixth.

THOS. ALEXANDER,

[SEAL.]

Clerk.

Certification fee \$115.10.

THOS. ALEXANDER,

[SEAL.]

Clerk.

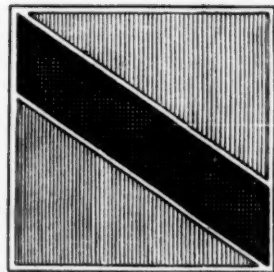
TRADE-MARK.

THE MILANDER-NEWMAN COMPANY
HOSIERY.

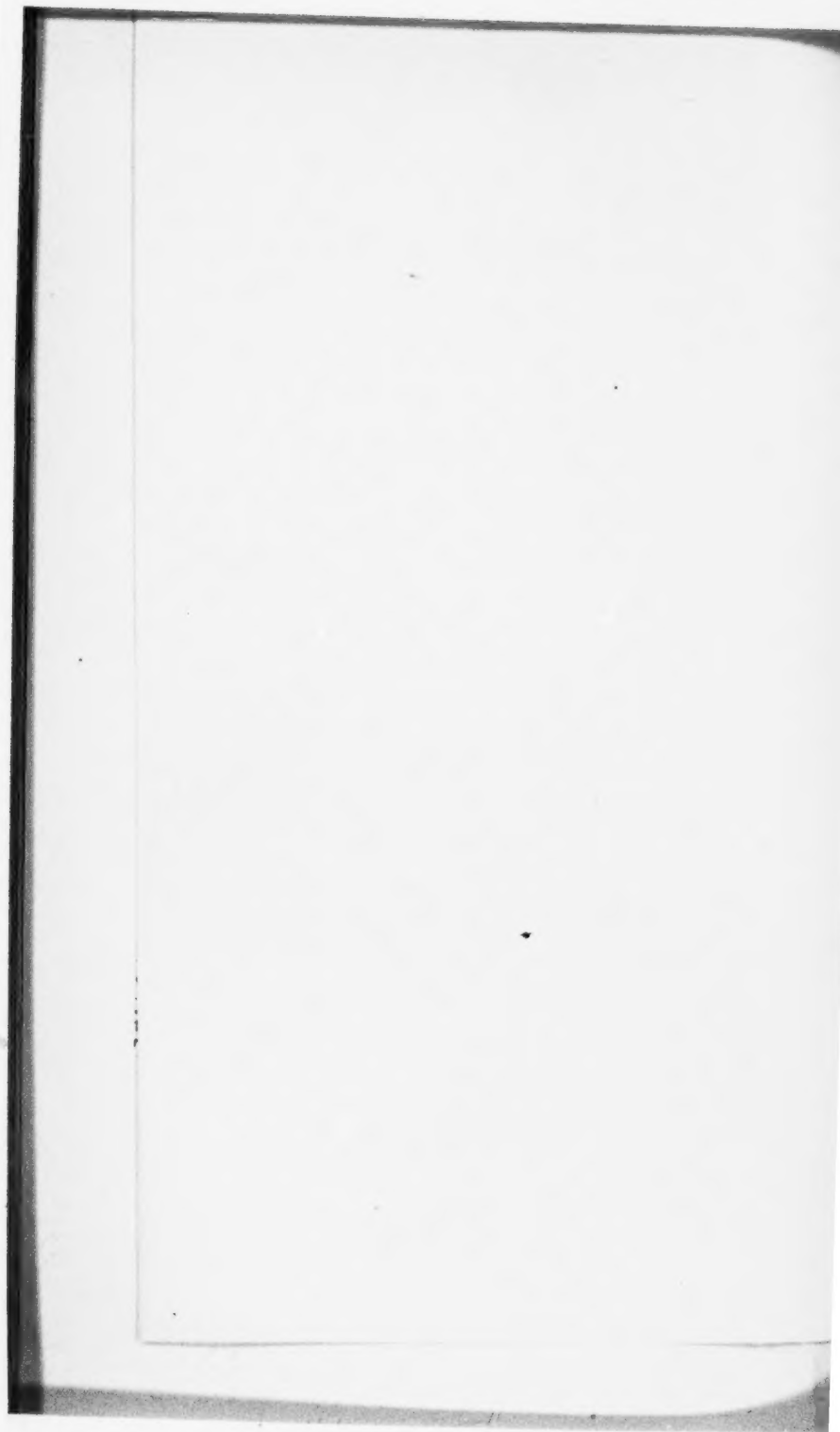
APPLICATION FILED DEC. 14, 1907.

73,597.

Re



U. S. P. O.



352 At a Stated Term of the U. S. Court of Appeals, Second Judicial Circuit, held at U. S. Court Rooms in the City of New York (Borough of Manhattan), on the 23d day of September, 1912.

Present: The Hon. E. Henry Lacombe, Circuit Judge.

Case No. 72.

NOTASEME HOSIERY COMPANY, Complainant,

vs.

ISIDORE STRAUS and NATHAN STRAUS, Trading and Doing Business under the Firm-name and Style of R. H. Macy & Co., Defendants.

This case coming on for hearing of the motions brought by complainant (appellant) to have his time extended within which to print his record on appeal, and for permission to bind certain facsimiles of complainant's (appellant) and defendants' labels in with the appeal record;

It is ordered:

First. That complainant (appellant) be allowed until, and including, September 25, 1912, within which to print and file his record on appeal, and

Second. That complainant (appellant) be permitted to bind in with the record on appeal facsimiles of complainant's (appellant) and defendants' labels.

E. HENRY LACOMBE,
U. S. Circuit Judge.

354

UNITED STATES PATENT OFFICE.

The Milander-Newman Company, of Philadelphia, Pennsylvania.

Trade-Mark for Hosiery.

No. 73,597. Registered May 4, 1909.

Statement and Declaration.

Application filed December 14, 1907. Serial No. 31,725.

Statement.

To all whom it may concern:

Be it known that The Milander-Newman Company, a corporation duly organized under the laws of the State of New York, and located in the city and county of Philadelphia, State of Pennsylvania, and doing business at Oxford and Mascher streets, in said city, has adopted for its use the trade-mark shown in the accompanying drawing, the upper and lower panels being printed in red, for hosiery, in Class No. 39, Clothing.

(Here follows diagram marked p. 353.)

The trade-mark has been continuously used in the business of said corporation since October 1st, 1907.

The trademark is employed on binders for the goods and applied to packages containing the same by placing thereon printed labels on which the trade-mark is shown.

[L. s.] THE MILANDER-NEWMAN COMPANY,
By ALFRED M. MILANDER, *President*.

Declaration.

STATE OF PENNSYLVANIA,
County of Philadelphia, ss:

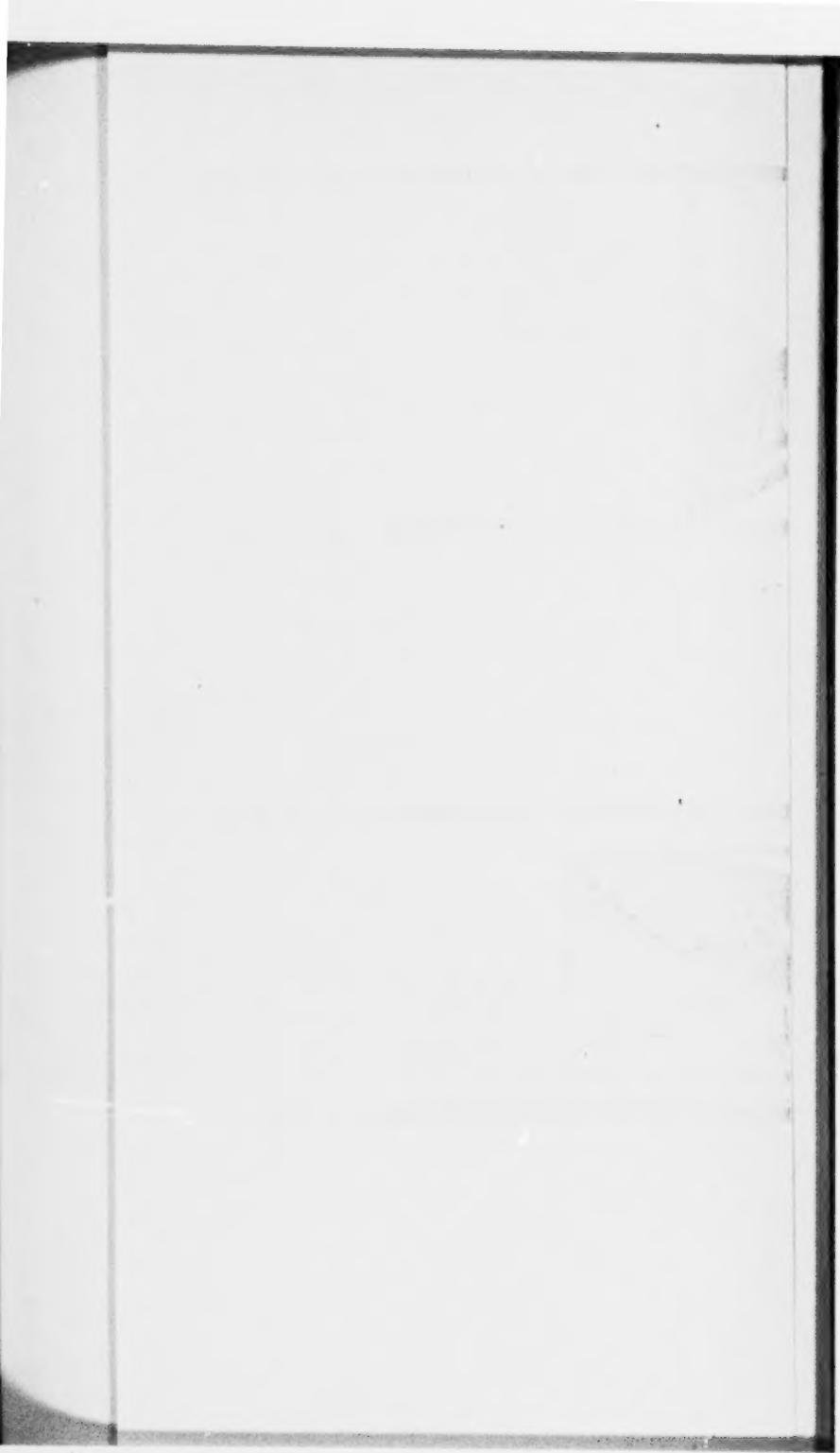
Alfred M. Milander, being duly sworn, deposes and says that he is president of the corporation, the applicant named in the foregoing statement; that he believes the foregoing statement is true and that he believes said corporation is the owner of the trade-mark sought to be registered; that no other person, firm, corporation, or association, to the best of his knowledge and belief, has the right to use the trade-mark, either in the identical form or in any such near resemblance thereto as might be calculated to deceive; that the trade-mark is used by said corporation in commerce among the several States of the United States, and that the description, drawing, and specimens presented truly represent the trade-mark sought to be registered; and that the specimens show the trade-mark as actually used upon the goods.

ALFRED M. MILANDER.

Sworn to and subscribed before me this 12th day of December, 1907.

[L. s.] C. D. McVAY,
Notary Public of the Commonwealth of Pennsylvania,
Residing in the City of Philadelphia.

(Here follows diagram marked p. 355.)



Notazeme
TRADE MARK

Complainant's
Label

REG. U. S. PAT. OFFICE

THE HOSE
THAT

Orontex

WEARS
LIKE IRON

Defendant's
Label

355



356 [Endorsed:] File No. —. Supreme Court U. S. October Term, 1914. Term No. —. Isidor & Nathan Straus, as R. H. Macy & Co., App'ts, vs. Notaseme Hosiery Co. Stipulation of counsel and addition to record. Filed June 30th, 1914.

Endorsed on cover: File No. 24,284. U. S. Circuit Court Appeals, 2d Circuit. Term No. 540. Isidor Straus and Nathan Straus, trading and doing business under the firm-name and style of R. H. Macy & Co., appellants, vs. Notaseme Hosiery Company. Filed June 30th, 1914. File No. 24,284.

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Supreme Court of the United States

October Term—1905

No. 134

ISIDOR STRAUS and NATHAN STRAUS, com-
posing the firm of I. S. MAOR & Co.,

Petitioners,

against

NOTARRENE HOSIERY COMPANY,

Respondent.

BRIEF FOR PETITIONERS

EDMOND E. WISE,
Of Counsel for Petitioners,
15 William Street,
New York City.

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IN THE
Supreme Court of the United States

OCTOBER TERM—1915.

No. 184.

ISIDOR STRAUS and NATHAN
STRAUS, trading as R. H.
MACY & Co.,

Petitioners,

against

NOTASEME HOSIERY COMPANY,
Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES
CIRCUIT COURT OF APPEALS FOR THE
SECOND CIRCUIT.

BRIEF FOR PETITIONERS.

This cause comes here by writ of certiorari to review the decree of the Circuit Court of Appeals for the Second Circuit, which determined that the petitioners, the defendants below, were guilty of unfair trade in the use of certain labels attached to boxes in which hosiery was sold by them, and which decree awarded to the respondent, the com-

plainant below, all the profits made by the petitioners, amounting to \$9,839.73, as ascertained by the Master appointed to take proof of profits and damages.

This suit was brought in August, 1910, by the Notaseme Hosiery Company, a corporation organized and existing under and by virtue of the laws of the State of Pennsylvania, and engaged in the manufacture of hosiery at Philadelphia, Pa., against the firm of R. H. Macy & Co., which conducts a large retail department store in the City of New York, to restrain the infringement of a trade-mark, registered by the Notaseme Hosiery Company May 4, 1909, and to prevent unfair competition.

The complaint charges that the complainant secured registration for a trade-mark to be used on a label for boxes and cartons, which consists of an arbitrary polygonal figure, having a diagonal band forming upper and lower panels in red (fol. 85, p. 73); and further alleges that such polygonal figure, having the word "*Notaseme*" thereon, had been used continuously since September 1, 1907.

It further charges that the defendants have sold hosiery, called "*Ironter*," packed in boxes, to which there were attached labels consisting of a polygonal figure composed of a diagonal band colored black, and having above and below the same panels colored red (fol. 88, p. 74).

Colored cuts of the two labels are shown on the next page.

Upon trial on bill, answer and evidence, complainant's bill was dismissed by Judge HAZEL (p. 232 of Record).

Judge HAZEL (Opinion, p. 232) held that the complainant (respondent here) was not entitled to relief for any infringement of the trade-mark,

Notaseme
TRADE MARK

COMPLAINANT'S
LABEL

Reg. U. S. Pat. Office

Orontex
REGISTERED
TRADE MARK

DEFENDANT'S
LABEL



because the label contained misrepresentations which invalidated the registered trade-mark, and operated as a bar to equitable relief. He further held that no confusion resulted from the similarity of the two labels, and that there was no proof of substitution of the defendants' goods for those of the complainant, and, therefore, the charge of unfair trade had not been sustained.

Complainant appealed from the decree entered upon the decision of Judge HAZEL to the Circuit Court of Appeals for the Second Circuit. In a *per curiam* opinion that Court reversed the decree (201 Fed. Rep., 99). Its opinion is as follows:

"Per curiam :

As we are of the opinion that the complainant may obtain adequate relief upon its charge of unfair competition, we think it unnecessary to examine the charge of trade-mark infringement. And as the latter phase of the case may be laid out of consideration we are not required to determine the preliminary question whether the complainant by its own deception in the use of its alleged trade-mark was disentitled to ask its protection. Certainly no such deception is shown as would prevent the complainant from suing for unfair competition.

The testimony shows that the complainant's label came into use some six months before that of the defendants'. It also shows that the engraving company which prepared the complainant's label designed that of the defendants'. The inference is strong that the latter was actually copied from the former and this inference is supported by comparing them. Each label is a rectangular design having a diagonal black band with white script writing and triangular red panels. *There is nothing to show that the de-*

defendants themselves knew at first of any similarity in the labels, but they were notified afterwards and continued the use.

In our opinion the evidence is insufficient to show actual deception. Such proof, however, is not necessary. The question is whether the natural and probable result of the use by the defendants of its label will be the deception the ordinary purchaser making his purchases under ordinary conditions—whether there is a degree of similarity calculated to deceive. And we think there is such similarity. It seems clear to us that the general impression made by the defendants' label upon the eye of the casual purchaser would be likely to result in his confounding the defendants' goods with those of the complainant.

We conclude that the complainant is entitled to relief against unfair competition and consequently the decree appealed from is reversed with costs and the cause remanded with instructions to decree for the complainant." (Italics are ours.)

Pursuant to that opinion a decree was entered (printed record, pp. 3 to 8) which, amongst other things, appointed John A. Shields as Special Master "to take testimony and ascertain and report to this Court the profits accruing to the defendants by reason of the commitment of the unlawful acts here found, and for damages accruing to the complainant, by reason of such acts * * *." Pursuant to such decree hearings were had before the Special Master between June 18th and July 22nd, 1913 (pp. 11 to 25, printed record).

The defendants immediately discontinued the use of the label.

The hearing before the Master commenced in May, 1913. On the motion of complainant's counsel, the Master ordered the defendants to render a

full and complete account in the form of debtor and creditor, verified under oath, relating to the manufacture, purchase and sale of hosiery^a of every kind, description, dressed with, or accompanied by a label of rectangular design, having a black band across the same, forming upper and lower panels, which are colored red (or a substantially similar label), from the date of the commencement of the manufacture, purchase or sale of said hosiery, dressed with or accompanied by the label or labels aforesaid, to the date of the issuance of the injunction (p. 10, fols. 28 *et seq.*).

The defendants, appearing before the Master, stated that they were ready to deliver such accounts so far as they were able, but objected to their introduction in evidence

"on the ground that the proper basis of proof has not been laid for the same; that in this action the complainants are entitled to the damages resulting from the use of the rectangular labels as decided by the Circuit Court of Appeals; that those damages, however, rest entirely upon proof of intentional fraud by the defendants, and losses of business by the complainants through the wrongful act; that that wrongdoing must be directly ascertained from the facts; that the decree that was entered in this case provides only for the profits accruing to the defendants by reason of the commitment of the unlawful acts found, and that as counsel understands this phrase, the Court intended to, and did hold, that the complainants were entitled to only such damage as they could prove was the result of lost sales by reason of the defendants' unlawful acts" (p. 11, fol. 33).

The Master overruled the objection, and ordered the account produced. Upon defendants' request he, however, certified the question to the Court for instruction. A motion was thereupon made to limit the Master in the evidence to damages actually suffered (fol. 38). Judge HAZEL denied that motion in a memorandum which reads as follows:

"The motion of the defendant to limit the Master in the evidence to damages actually suffered and to exclude all accounts of the profits that have been made by the defendant in the sale of their goods, without proof of actual deception or fraudulent representation, is denied.

The reference before the Master must proceed under the new Equity Rules 62 and 63, while Rule 66 is thought sufficiently comprehensive to protect the defendants in their rights and prevent the assessment of improper damages or profits. So ordered."

Thereafter the accounts, as prepared, were presented to the Master, pursuant to his order, without, however, waiving any rights (pp. 37 *et seq.*). No proof of fraud, confusion or substitution of goods, or loss of sales, was offered. On the termination of the hearings, a motion was made to strike out the exhibits containing the accounting on the ground that there was no proof of any damage whatsoever that plaintiff had suffered (Record, p. 23).

The Master overruled all the objections, and reported that the profits realized by the defendants from the sale of hosiery under the label adjudged to infringe the rights of the complainant, from the beginning of such sale to February 1, 1913, amounted to the sum of \$15,411.29 (p. 31, fol. 92).

Exceptions (Record, p. 32) were duly filed to

the Master's report, which were brought on to a hearing before Judge LACOMBE, who overruled all the exceptions, excepting the seventh one, and confirmed the Master's report, modifying it, however, by reducing the period for which the accounting of profits was to be taken so as to begin with January 1st, 1910, instead of the spring of 1908.

Judge LACOMBE's opinion, 209 Fed. Rep., 495 (Record, p. 40), is as follows:

"Hearing upon Report of a Special Master as to Profits and Damages. The suit was for unfair competition.

LACOMBE, J.:

The Court of Appeals was clearly of the opinion that a case of unfair competition had been made out. The two names '*Notaseme*' and '*Ironter*' are wholly dissimilar, but mere inspection of the two labels with their panels and contrasting colors showed quite satisfactorily that the designer of the later label tried to make it so nearly like the earlier one that it would be likely to deceive purchasers. So close a copy of an earlier design is not often seen; manifestly it was not accidentally produced, it was devised with some intelligent purpose, and there is no evidence which would warrant the conclusion that such purpose was other than that which the Court of Appeals has found, viz.: an attempt to compete unfairly with the owner of the earlier label.

This is not a case of the use of a man's own name, which use may incidentally lead persons to suppose that his wares are those they have always associated with another dealer having the same name. There has been a carefully planned and deliberate attempt to simulate successfully the dress or earmarks of another's goods

That constitutes a fraudulent intent and when there is such a plain intent, the authorities, as I understand them, allow complainant to recover profits, as he would in an ordinary registered trade-mark case.

It does appear, however, from the record that defendants were not concerned in the original concoction of the label. They sent to a designer in Philadelphia, who, as it happened, had been the one who designed complainant's label, to get up a label for them. When they received his design and commenced to sell their own goods under it, they had not seen complainant's label. During the period when they sold their goods in ignorance of the fact that the label they were using designedly simulated that of complainant, it cannot be held that they had any fraudulent or unfair intent; AND INTENT IS ESSENTIAL IN CASES OF UNFAIR COMPETITION. By the later part of 1909, however, they were advised of the situation and learned of complainant's label. The fact that thereafter, instead of discontinuing the use of the simulating label, they continued to sell their own goods under it, sufficiently shows that at that time they deliberately, intelligently and knowingly decided to enter into unfair competition with the complainant. For the consequences of that decision, they should respond, allowing a brief period for them to advise themselves as to the facts and to change the design of their own label, January 1, 1910, may be taken as the date from which they should account for profits. So much of the profits as accrued prior to that date should be disallowed.

I see no reason why the profits for the period between original decision in District Court and its reversal should also be eliminated. Appeal was promptly taken and defendants took their chance of the result.

With the modification above indicated of the Master's finding as to the amount of the

profits, his report is confirmed." (Italics are ours.)

A final decree was thereupon entered (Record, p. 43), from which an appeal was allowed. The Circuit Court of Appeals affirmed the judgment in an opinion written by Judge WARD and concurred in by Judges COXE and ROGERS; the same is as follows (Record, p. 60):

"WARD, Circuit Judge:

The complainant, a corporation of the State of Pennsylvania, filed his bill against the defendants, citizens of the State of New York, residing in the Southern District thereof, for infringement of its trade-mark and for unfair competition. The District Judge dismissed the bill and upon appeal this Court held that the labels were so alike that it was obvious confusion of goods must result. We sustained the charge of unfair competition, 201 Fed. Rep., 99. Accordingly the decree was reversed and the District Court directed to enter a decree in favor of the complainant with the usual injunction and accounting against the defendants.

It appears that the complainant's and defendants' labels were both designed by the same person and that the defendants, though they put their goods on the market in March, 1908, were wholly unaware of the complainant's label until December 1, 1909.

The Master awarded to the complainant the profits made on sales of this infringing hosiery from July 30, 1908, to February 1, 1913, amounting to \$15,411.29. Upon exceptions to his report Judge LACOMBE struck out profits down to January 1, 1910, from which time he held the defendants guilty of a deliberate intention to enter into unfair competition because they continued to use their label after they had been advised of

the complainant's and had ample time to change it. This reduced the decree to \$9,839.73. The defendants appeal on the ground that profits in case of unfair competition are recoverable only when there is intentional fraud. *Assuming this to be so, we are, in view of our previous decision, compelled to find that there was fraudulent intent.* The decree is affirmed." (Italics are ours.)

After the entry of the decree, an assignment of error was filed (Record, p. 64), and an application was made for leave to appeal to this Court, which was allowed by Judge COXE (Record, p. 63). At the same time, a petition for a writ of certiorari was filed. The petition for the writ, and a motion to dismiss the appeal, were submitted to this Court in October, 1914, and on October 26th this Court dismissed the appeal, but granted the writ.

Points for Review.

The petitioners claim that the decree of the Circuit Court of Appeals was erroneous, firstly, on the ground that it decided that petitioners had engaged in unfair trade with the respondent, and secondly, on the ground that even if they had engaged in unfair trade, it erroneously awarded to respondent as damages all the profits made by petitioners from January, 1910, to the date of the decree.

It is claimed that the finding of unfair trade is erroneous because:

First: Petitioners adopted their label in 1908 and sold their goods in complete ignorance of respondent's label, or, in fact, of the respondent's existence.

Second: There was absolutely no proof of any competition between the goods sold by petitioners and those sold by the respondent, petitioners' goods being sold as hosiery with seams and only at retail in the City of New York, the respondent's being known and sold as hosiery without seams, and distributed to a large extent throughout New England, the West and the South.

Third: There was a total absence of any proof of the sale of petitioners' goods for those of the respondent, and because petitioners so conducted their business as not to palm off their goods for those of the respondent, nor to produce any confusion in the minds of intending purchasers.

The errors assigned for the award of profits to the respondent are :

First: That there is no proof that the labels in any way contributed to the sale of respondent's goods, and that petitioners' "Irontex" hosiery was sold solely on the reputation of petitioners, and on the strength of their efforts, and not on the appearance, either of the boxes in which they were packed, or on the reputation of the respondent.

Second: That there is a complete and total absence of proof of confusion of goods.

Third: That there is a complete and total absence of proof of substitution of goods.

Fourth: That there is a complete absence of any proof of actual intentional fraud on the part of petitioners sufficient to show that respondent had suffered any damage.

Statement of Facts.

The respondent's predecessor, The Milander-Newman Corporation, was formed in September, 1907, under the laws of Pennsylvania, for the purpose of manufacturing hosiery (Record, p. 113). It was formed by two young men who, prior to that time, had been employed by other hosiery houses. At the time that the corporation began manufacturing and doing business, that is, in the fall of 1907, it adopted as a label or carton, to be attached to boxes and printed on wrappers and display cards, a rectangular figure divided by a black band, the upper and lower panels being colored red, with the word "*Notascme*" printed on the black band in conspicuous white script. At the time that the design for this label was adopted the corporation had just started in business, and in the very nature of things, could not have any business or good will, and it then, for the first time, invented a trade name "*Notascme*," which was considered an attractive name for hosiery without a seam (XQ. 131 *et seq.*, p. 117).

On December 12, 1907, it filed an application for a trade-mark, which was rejected by the Patent Office on the ground that the word "*Notascme*," printed in white on the black band, was the distinguishing feature of the applicant's mark, and being merely a corruption of language describing the character of the goods, was not the subject of a trade-mark (p. 143, Defendants' Exhibit M).

A year and four months thereafter, however, on May 4, 1909, the Department permitted registration of a trade-mark with the offending word "*Notascme*" omitted. Four days later, on May 8, 1909, The Milander-Newman Corporation was reorganized and changed into the Notaseme Hosiery Com-

pany (Record, p. 145). The label which, since the organization of the corporation, had been used in precisely the same form as that in which it was filed and rejected by the Department, *i. e.*, with the name "*Notaseme*" printed in white script on the black band, after this change in name indicated for the first time both the character of the goods and the name of the manufacturer (XQ. 446, p. 145 *et seq.*).

The newly formed corporation did business at wholesale only and in the first year of its existence sold \$50,000 worth of goods. In the second year its business increased to about \$150,000 or \$175,000, and in the third year, to October, 1910, to about \$250,000 (XQ. 353, p. 137; XQ. 459, p. 146). During the first year a large proportion of the complainant's business was carried on in the South and New England (XQ. 337, p. 136), and it increased in the various localities in about the same proportion (XQ. 462, p. 146).

In the City of New York at the time of the taking of the testimony in January, 1911, Keefe, the representative of the Notaseme Hosiery Company in New York, testified that he sold to about thirty retail stores in the Borough of Manhattan, of which one was a department store, the others, men's furnishing stores, which lead to the presumption that the respondent dealt only in men's hosiery, and not in women's and children's (RDQ. 221, p. 97 *et seq.*; also RXQ. 103 *et seq.*, p. 103).

The advertising of respondent's goods was done largely through "display" work (XQ. 323, p. 134) including the boxes in which the goods were packed, placards, show cards, labels, etc., which were sent to customers for distribution amongst purchasers or for display by them (XQ. 107, p. 115). Aside from regular advertisements in a trade journal,

there was no other advertising done in the City of New York until April, 1910, when placards were exhibited in street cars in New York City.

Petitioners conduct a large retail department store in the Borough of Manhattan, City of New York, where, amongst other goods, they sell hosiery at retail only. They are not manufacturers of hosiery, but they purchase from factories which specially manufacture for them.

In March, 1908, about five months after respondent's incorporation, Macy & Co. exhibited and advertised for sale at their store full fashioned hose (i. e., hose with seams as distinguished from seamless hose) packed in boxes which bore clearly stamped upon them the name of R. H. Macy & Co. as the distributor, and a rectangular label similar to plaintiff's, with red panels divided by a black band, bearing in large white script the name "*Ironter*."

At the time that this label was adopted they had never heard of the "*Notascme*" label, nor the corporation which made the goods, and had never seen nor heard of the goods, nor their packing (Q. 72, p. 189), and they never did hear of it until the end of November, 1909, when respondent advised them that the "*Ironter*" label was infringing a trademark registered by the complainant under the name of "*Notascme*" (Complainant's Exhibit, Macy letter No. 1, p. 159).

The Circuit Court of Appeals has expressly found on both occasions when this case was considered by it that the "*Ironter*" label was adopted by the petitioners in total ignorance of the existence of the "*Notascme*" label.

It appears from the testimony of Ackerman, the head of the hosiery department at Macy's, that after the name had been adopted he requested

George B. Pfingst, the proprietor of the Lee Hosiery Mills of Philadelphia, from whom the hosiery was ordered, to submit a number of designs to be used as a top label and end label on the boxes (Q. 60, p. 193). A number of labels were submitted by the manufacturer, and the one that was finally adopted was selected.

It appears that Mr. Pfingst, without petitioners' knowledge, had requested Thomas Johnson, a printer, to submit designs to him, and it also appears that Thomas Johnson was the printer who made the first label for the Notaseme Hosiery Company. Mr. Pfingst testified that the design submitted to him by the printer and by him submitted to the petitioners, and finally adopted by them, *was different from any other label he had ever seen* (XQ. 48, p. 174).

"Ironter" hosiery was immediately advertised in the New York daily press. Between \$2,000 and \$2,225 were spent the first year (Q. 120, p. 193).

At the time that the "Ironter" goods were placed on the market at retail in New York City, the Milander-Newman Company, the predecessor of the Notaseme Hosiery Company, had not begun business in New York, but opened in the South and through New England (XQ. 85, p. 113). Its application for a trade-mark had been denied by the Patent Office because it contained as its most conspicuous feature the word "Notaseme." No trade-mark was registered until May, 1909, a year and two months after "Ironter" goods were placed on the market, and then the trade-mark was registered without the name written on it, *though it was never used without that name*.

Until December, 1909, eight months after that registration, and for twenty-one months after "Ironter" goods were placed on the market, the

Notaseme Hosiery Company made no claim of any infringement of the labels. During that period Macy's largely advertised "*Irontex*" goods in the city papers, sold large quantities of them on their own merits, and not on any supposed similarity to anybody else's goods.

All hosiery is packed in boxes with distinctive labels, binders and fillers. This is a uniform and universal trade custom. Respondent did not claim any novelty or originality for the method of packing the goods (XQ. 60, p. 112 *et seq.*). It is admitted that hosiery is usually sold under a distinctive name, or is called by the name of the firm selling it (XQ. 93, p. 114). The District Court and the Circuit Court of Appeals both refused to grant relief on the ground of any infringement of trademark rights.

The charge of unfair trade is based altogether on the shape and coloring of the rectangular figure on the label.

That shape and coloring had never been used by the respondent without the name "*Notaseme*" printed on it. There is not the slightest proof that the label without the name prominently appearing thereon was in the slightest degree indicative of or associated with the Milander-Newman Company, its originator, or the Notaseme Hosiery Company, its successor, and the evident anxiety to make the manufacturer's name conform to the trade-name on the label gives fair ground for the inference that the name on the label was a valuable asset.

It appears from Exhibit A (p. 24) that from August 1, 1908, to February 1, 1913, Macy's purchased for its hosiery department \$933,000 worth of goods, of which \$159,000, or about 17 per cent., was of "*Irontex*" hosiery. Of this \$159,000, \$113,000, or 71 per cent., was for women's hosiery, \$26,-

000, or $16\frac{1}{2}$ per cent., was for men's hosiery, and \$19,700, or $12\frac{1}{2}$ per cent., was for children's hosiery. The largest proportion of the "*Ironter*" hosiery was, therefore, *women's hosiery*, and there is not a particle of proof in the record that respondent dealt in women's hosiery; that is certainly so of the Borough of Manhattan, City of New York, where Keefe, the representative of the Notaseme Hosiery Company in that borough, stated that he sold to only one department store as compared with thirty *men's* furnishing stores (RDQ. 221, p. 97).

Bearing this fact in mind, as well as that respondent commenced advertising in New York street cars for the first time in April, 1910 (all other advertising being done by display cards, labels, etc., distributed to their customers, excepting in the trade journals), is it not more than likely that whatever value, if indeed any, attaches to the color or shape of the label, the advertisements and display of R. H. Macy & Co. created that value in the City of New York, where they did business for many years and are well known, to a much greater extent than the display cards and labels which the Notaseme Hosiery Company distributed to its customers in a field which they had just entered?

Under these circumstances can R. H. Macy & Co. be justly charged with unfair competition, with all that that term implies, because they refused to discontinue that label at the request of the Notaseme Hosiery Co., and can they in equity and justice *be charged with the profits on the goods that they thereafter sold through their own efforts, on their own merit, advertised as their own exclusive make, merely because an attractive label had been submitted and innocently adopted by them, the design for which the printer thereof had treacher-*

ously stolen from some other manufacturer, without the aid, connivance or knowledge of R. H. Macy & Co., their agents or manufacturers?

Although a claim was made by one of the witnesses for the complainant that a number of people had complained that they had bought "*Irontex*" hosiery at Macy's, misled by the labels, only one witness made an abortive attempt to prove any substitution, but his testimony was so weak, unreliable and untrustworthy that it cannot possibly be deemed to sustain that charge. This witness was Keefe, a salesman in the employ of the complainant. He bought a box of "*Irontex*," which was introduced in evidence as "Complainant's Exhibit, Defendants' Box." At page 85, XQ. 23, he states the purchase was made on April 12th, 1909. At page 92, XQ. 135, he claims the purchase was made April 12th, 1910, a year later. One of the officers of the complainant told him during recess that the year was 1910, and this refreshed his recollection. Of course, it is obvious that this date was important, because if the purchase was made April 12th, 1909, it was made *before* the registration of the complainant's trade-mark; if in 1910, it was made *subsequent* thereto. As to this purchase, witness was not clear as to whether the salesgirl represented the hose as "*Notasme*." The salesgirl herself is emphatic in denying any substitution or misrepresentation (Q. 18, p. 198). On July 19th, 1910, he bought another pair of hose at Macy's, and wrote a report of what happened at that time. A report from an employee to his employer, written without the knowledge of defendants, would certainly not seem to be competent proof of anything therein contained, though it might be used to refresh the recollection of the witness, but even if it were admissible in evidence, Keefe, who wrote the letter,

failed to give any evidence to verify its contents.
That letter is as follows:

"July 19, 1910.

"Notaseme Hosiery Co.

Gentlemen:

Enclosed herewith are two pairs of stockings (socks) bought at Macy's to-day. In purchasing these I went in and asked the clerk for Notaseme socks. The formula used on both occasions was as follows:

I said, 'I want a pair of Notaseme half-hose.'

The girl said, 'What size?'

I answered, '10½.'

She then asked, 'What color?'

I said, 'Black.'

In purchasing the second pair I was accompanied by a friend who paid particular attention to every word I said.

I said, 'I want a pair of Notaseme socks.'

She said, 'What size?'

I said, '10½.'

She asked, 'Black?'

The only difference in the conversation was that the second girl suggested the color. I had Mrs. Keefe go in with the box end and will write you this evening about it.

Be careful to preserve these enclosures for the memoranda made on them were made at the time and are valuable because they may be used as exhibits.

If I had more time I could prepare a more elaborate trap for them.

Keep this letter, as I may need it to refresh my memory should the case reach a trial.

Yours truly,

WM. KEEFE."

(Italics are ours.)

Before that letter had been introduced in evidence the following examination had taken place (p. 90):

"XQ. 97. Will you please state distinctly whether any stockings that you bought there at Macy's in the years 1908, 1909, 1910, or at any other time whatsoever were sold to you as Notaseme socks? A. Yes.

XQ. 98. Where is that sock? A. I don't know.

XQ. 99. What sock was it? A. I do not know.

XQ. 100. Whose manufacture was it? A. I do not know.

XQ. 101. Whose label was on it? A. I do not know.

XQ. 102. When was it bought? A. I do not know.

XQ. 103. In what year was it bought? A. About a year ago.

XQ. 104. Who was with you when it was bought? A. I do not know.

XQ. 105. Do you refer to a man named Tuckman? A. No.

XQ. 106. He was not with you? A. I could not say.

XQ. 107. What did you do with the socks? A. Mailed them to the Notaseme Hosiery Co.

XQ. 108. You made a report of it? A. Yes.

XQ. 109. Did you send it in the same form that you sent 'Complainant's Exhibit, Defendant's Box,' with the sales ticket inside? A. I probably did.

XQ. 110. Was it an Irontex sock? A. I could not say.

XQ. 111. Have you read over your reports to the house since this action was begun? A. No."

After the introduction of that letter this testimony was read to the witness (p. 99, XQ. 41), and he was asked to explain the same. He was then asked the following questions (p. 100) :

"RXQ. 66. Now, what was the name of the man that went with you? A. Tuckman.

RXQ. 67. Tuckman was the man who went with you? A. Yes.

RXQ. 68. And at the last hearing you could not remember whether he went with you or not? A. No.

RXQ. 69. What refreshed your recollection as to that? A. My memory.

RXQ. 70. Your memory has been revived? A. Yes.

RXQ. 71. Please give the gentleman's full name and address? A. I do not know his full name, and I do not know his address.

RXQ. 72. Do not know where he lives? A. No.

RXQ. 73. What business is he in? A. Advertising man.

RXQ. 74. With whom? A. At that time he was with Paris Modes.

RXQ. 75. That is an advertising house? A. No, that is a fashion book.

RXQ. 76. Where is that published? A. In New York, I think.

RXQ. 77. What was Tuckman's connection with them? A. Advertising solicitor.

RXQ. 78. You do business with them? A. No.

RXQ. 79. Is he still with that concern? A. I do not know.

RXQ. 80. How long since you have seen him? A. I could not say—since September or October.

RXQ. 81. You are not in the habit of seeing him frequently? A. I have not seen him frequently.

RXQ. 82. But you are sure that was the man who went with you? A. Yes.

RXQ. 83. And went with you at the time you were laying this trap? A. Yes.

RXQ. 84. And you took him along as a witness? A. Yes.

RXQ. 85. And you do not know his full name? A. No, I do not know.

RXQ. 86. And you do not know his business address? A. I do not.

RXQ. 87. And you do not know his private address? A. I do not.

RXQ. 88. Did you take any memoranda from him as to what had happened? A. No.

RXQ. 89. Mr. Keefe, do you wish us to understand that in an attempt to secure evidence on what you considered a very material point, you secured the attendance of a witness who paid particular attention to every word you said, and then you omitted to take that friend's full name, his business address or his residence? A. Yes."

As a matter of fact, that purchase introduced in evidence as one of complainant's exhibits WAS NOT "IRONTEX" HOSE AT ALL (XQ. 7, p. 204).

The "trap" was laid by the witness Keefe on July 19th, 1910, seven months after Macy's had refused to abandon their "Irontex" label at the request of the Notaseme Hosiery Company. If his report of what occurred at that time had been the truth, is there the slightest doubt that his friend Tuckman would have been produced to verify his report? The fact that a presumably disinterested person, specially selected as a witness in a carefully planned trap, is not produced, nor his absence explained, fairly supports the presumption that he would not have corroborated the written report.

Not a single witness, other than Keefe, was produced who directly or indirectly established misrepresentation, substitution or confusion of "Irontex" hosiery for "Notaseme" hosiery, although

ample opportunity was given in the hearings before the Special Master to supply such proof if it existed, and the lack of such proof and its importance was repeatedly called to the attention of the Master and complainant's counsel by the objections of defendants.

The Circuit Court of Appeals granted relief solely on the ground of unfair competition, persuaded by the similarity of the labels and the alleged priority of the complainant's claim, and determined that the "general impression made by the defendants' label upon the eye of the casual purchaser would be likely to result in his confounding the defendants' goods with those of the complainant." The fact is that for a period of five years the rival labels were in the market actively advertised and pushed, and there is a total and complete absence of any proof of such confusion.

Positive and emphatic testimony was given on behalf of the defendants that no substitution of goods, in fact, took place; that there was no confusion of goods, and that R. H. Macy & Co. at all times sold their goods under their own name and in accordance with their advertisements (see testimony of salesgirl, pp. 197 to 206).

ARGUMENT.

POINT I.

The petitioners were not guilty of unfair trade.

In *Howe Scale Co. v. Wyckoff, Scaman & Benedict* (1904), 198 U. S., 118, at 140, Chief Justice FULLER states the basis of an action for unfair trade in the following words:

"The essence of the wrong in unfair competition consists in the sale of the goods of one manufacturer or vendor for those of another, and if defendant so conducts its business as not to palm off its goods as those of complainant, the action fails."

In *Goodyear Co. v. Goodyear* (1888), 128 U. S., 598, this Court says:

"Relief in such cases is granted only where the defendant, by his marks, signs, labels, or in other ways, represents to the public that the goods sold by him are those manufactured or produced by the plaintiff, thus palming off his goods for those of a different manufacturer, to the injury of the plaintiff. *McLean v. Fleming*, 96 U. S., 245 (24:828); *Sawyer v. Horn*, 4 Hughes, 239; *Perry v. Trucfitt*, 6 Beav., 66; *Croft v. Day*, 7 Beav., 84.

There is no proof of any attempt of the defendant to represent the goods manufactured and sold by him as those manufactured and sold by the plaintiff; but on the contrary, the record shows a persistent effort on its part to call the attention of the public to its own manufactured goods, and the places where they are to be had, and that it had no connection with the plaintiff."

See also:

Standard Paint Co. v. Trinidad Asphalt Mfg. Co., 220 U. S., 461.

Elgin National Watch Co. v. Illinois Watch Co., 179 U. S., 665.

Rowley Co. v. Rowley, 193 Fed., 390 (3rd C. C. A.).

Rathbone, Sard & Co. v. Champion Co., 189 Fed., 26 (6th C. C. A.).

Hanover Star Milling Co. v. Allen & Wheeler Co. (1913), 7th Circuit, 208 Fed., 513-516.

Rushmore v. Badger Brass Mfg. Co., 198 Fed. Rep., 379 (2nd Circuit, 1912).

G. & C. Merriam Co. v. Saalfeld (6th Circuit, 1912), 198 Fed. Rep., 369.

These cases, and a number of others, abundantly support the contention of petitioners, that being in total ignorance of the respondent's existence at the time of the adoption of the label, nor ever having heard of its goods or seeing its markings, cartons or labels, your petitioners were not guilty of the wrong of unfair competition since they neither attempted to, nor did sell their goods for those of another, nor by their mark, signs, labels or in other ways represented to the public that the goods sold by them were manufactured or produced by another, but to the contrary, made every effort to and did create a market for their own goods on their own merits.

Judge LACOMBE, however, argued, and his reasoning was approved by the Circuit Court of Appeals, that though it appears from the record that for the twenty-one months when they sold their goods in ignorance of the fact that the label they were using simulated that of the respondent, and that therefore petitioners were not guilty of that

unfair or fraudulent intent, which is essential in cases of unfair competition, yet that in the latter part of 1909 they had learned of complainant's label, and that by not discontinuing the same at that time, they had "deliberately, intentionally and knowingly decided to enter into unfair competition with the complainant," although there was no proof of any intentional fraud, or of substitution of goods.

From March, 1908, the date when "*Irontex*" goods were first advertised and sold, until December, 1909, for a period of twenty-one months, the defendants were innocent of any wrongdoing and free from the charge of unfair trade. Such were the findings of the Circuit Court of Appeals on both appeals. During that period they extensively advertised and displayed "*Irontex*" goods in their store in New York, and sold large quantities of the hose, packed and labeled as described. They had succeeded in establishing a large and favorable trade, especially in women's hosiery, which formed 70 per cent. of their trade in "*Irontex*" goods. During that period The Milander-Newman Corporation, the predecessor of the Noteseme Hosiery Co., was introducing its goods to the wholesale market, largely in the South and West, and its trade in the City of New York, as late as January, 1911, six months after the commencement of the suit, was almost exclusively confined to supplying men's furnishing stores with "*Noteseme*" hosiery. During the same period petitioners had largely advertised their goods in the daily papers, while the respondent relied upon the folders packed in its boxes and the labels attached thereto as an advertising medium, and its advertisements in the trade journal, until April, 1910, when it first displayed cards in New York street cars.

There was no competition proven between "*Nota-*

seme" hosiery and "*Irontex*" hosiery. The evidence of this is the fact that in New York, where that competition would arise, the respondent's business increased in precisely the same proportion as in the other localities where they sold their goods.

If the label had any value at all in inducing a sale of the goods—and there is not the slightest evidence that it had—was that value created in the City of New York by the petitioners or by the respondent?

Macy's advertisements in the papers and display cards in the store were far more likely to attract the notice of a large class of customers, especially women, than the boxes and cards supplied by the respondent to a number of gentlemen's furnishing goods stores scattered in various places throughout the Borough of Manhattan.

Throughout that period petitioners were innocent of any wrongdoing. They were in ignorance of respondent's labels, trade-marks or business.

What happened to change conduct which for twenty-one months was innocent, to conduct condemned by the Court as either intentional fraud, or from which intentional fraud could be inferred?

If the label innocently adopted and lawfully used during a period of twenty one months *produced neither confusion of goods nor damages to the complainant* by reason of substitution of one for the other, can it be held as a matter of law that intentional fraudulent conduct and wrong was committed by the petitioners' refusal to abandon a label attached to their own goods advertised by them in their own market, sold by them in the City of New York, where they had established for it a favorable reputation, merely because respondent advised them that their "*Irontex*" label was *infringing a trade-mark registered by the respondent under the name of "Notaseme" in March, 1909?*

Of course, previous innocence would not be an excuse for a confusion of goods or substitution thereof after such notice.

If, after the receipt of the letter from the Notaseme Company by petitioners, it had been shown that their goods were sold as the goods of the respondent, that the petitioners had substituted their goods for the respondent's, or even that there was confusion as to the identity of the goods in the minds of petitioners' customers, and that when they were buying "*Irontex*" they really intended to buy "*Notaseme*" hosiery, there might be some basis for a charge of intentional fraud for which the petitioners should respond to the extent of the damage that was occasioned thereby; but not only is there no proof of any confusion of goods, nor any substitution of one for the other, nor the deception of any customer, but there is affirmative proof that there never was any substitution of goods nor deception of customers nor, so far as the petitioners heard, any confusion in the mind of prospective customers as to the difference between the "*Notaseme*" goods—that is, the seamless hosiery manufactured by the respondent—and the "*Irontex*" goods, that is, the full-fashioned hosiery with seams sold by the petitioners.

In all actions where relief has been given for unfair competition there has been a concurrence not only of *intentional* simulation, but of actual confusion and damage resulting therefrom in loss of trade.

In *Hanover Star Milling Company v. Allen & Wheeler Company*, 7th Circuit (April, 1913, 208 Fed., 513, Judge BAKER, writing for the unanimous Court, says (at p. 516) :

"It is not the trade-mark, but the trade, the business reputation, and good-will, that

is injured; and the property or right in the trade is protected from injury by preventing a fraud-doer from stealing the complainant's trade by means of using the complainant's 'commercial signature.'

From these considerations of the nature of trade-marks and the basis and scope of trade-mark suits, it would follow that complainant in this case has no property in the mark 'Tea Rose,' like property in its mill and wheat and flour; has no monopoly of the use of the mark, like the monopoly of a patent or copyright; has no right at all to the mark 'in gross,' but a right only to the extent that the mark is 'appendant' to its trade; has no basis of complaint except for injury to its business; and (*since defendant has traded honestly in markets where complainant is unknown and has neither committed nor threatened an injury to complainant's reputation and good-will*) has no cause of action in equity." (Italics are ours.)

In that case Judge BAKER reiterates the rule that there must be *actual* competition before there can be any *unfair* competition (3 Cyc., 760, and notes).

That the design to defraud was absent at the time that the label was adopted cannot be questioned.

That petitioners adopted means to perpetrate a fraudulent design cannot be claimed, nor is it claimed, further than that they continued to use a label which *they* had advertised—which *they* and not respondent had introduced to a large community—and which they refused to abandon merely because the respondent requested them to do so.

The Court, in the first instance, upon the trial, justified the petitioners by dismissing the complaint. The Circuit Court of Appeals, construing the continued use of the label as a deliberate intentional fraud, reversed that decision, though there was a complete failure of proof of actual de-

ception. There was no proof of confusion of goods existing in the minds of the public, or of substitution of goods by the petitioners. There was even no proof of competition between the parties to the litigation, or between the "*Irontex*" and the "*Notaseme*" hosiery, or that the labels contributed in the slightest degree to the sale of the goods, and yet that Court placed upon petitioners the stigma of intentional fraud and unfair competition, merely because a careless or unscrupulous designer had furnished labels of similar character to both parties, within a period of six months, without disclosing to either party that he had supplied such label to the other. Under those circumstances, mere *priority of adoption* does not constitute unfair trade. Mere priority, unless combined with confusion or substitution of goods in a competitive field, in the absence of intentional fraud, does not sustain a charge of unfair trade where the essence of such charge "consists in the sale of the goods of one manufacturer or vendor for those of another."

Howe Scale Co. v. Wyckoff, Scaman & Benedict (supra).

POINT II.

The Court below erroneously followed the rule of permitting recovery of profits authorized by statute in cases of patents, copyrights and trade-marks, although there was a total lack of proof of confusion of goods, of substitution of goods, or of competition between the parties.

The recovery of damages in cases of unfair trade is based upon an entirely different theory than in

patent or trade-mark cases. In the one, fraud, resulting in damage, must be proven; in the other, a mere invasion of the exclusive field of monopoly, granted by statute, without proof either of fraud or damage, sustains a recovery. The one proceeds upon the theory that an injury has been done to the trade, reputation or good-will by one dealer to the injury of the other. Unless the injury is directly attributable to the wrong, or can be fairly inferred therefrom, no recovery can be had. In the other, the statute grants an exclusive right, a right of property—a monopoly—and the statute prescribes a penalty for the invasion thereof, which includes an express provision for the recovery of damages and profits. The right to profits, in those cases, rests on the statute, and is supported because a field, exclusively given to the grantee of the monopoly, has been poached upon; an exclusive right to produce or use has been invaded, and, to support the action, neither fraud nor actual damage need be established.

In cases of unfair trade, no exclusive field has been invaded. As was said by Judge BAKER in *Hanover Star Milling Co. v. Allen & Wheeler Company*, *supra*:

“It is not the trade-mark but the trade, the business reputation, and good-will, that is injured.”

The measure of damages in such cases is not, therefore, the same as when granted by statute, but must be ascertained in the same way as damages to any other species of personal property, or injury to personal rights.

This question was argued at great length in this Court in November, 1915, in the case of

*Hamilton-Brown Shoe Co., Petitioner, v.
Wolfe Bros. & Co., Respondent*, 206
Fed. Rep., 612,

in which a writ of certiorari was issued out of this Court to the Circuit Court of Appeals of the Eighth Circuit, but has not yet been decided. Petitioners respectfully refer to the dissenting opinion of Circuit Judge Hook in the *Hamilton-Brown Shoe Co.* case, and to the brief submitted by the petitioners in that case, to support the proposition that profits, in the absence of proof of competition, substitution, confusion or loss of sales, are not the measure of damages.

In the *Hamilton-Brown Shoe Co.* case, the Court expressly found that:

“Actual confusion in the minds of the consuming public was shown, and damage to complainant is legitimately to be presumed.”

In the case at bar, no such confusion is shown.

In the *Hamilton-Brown Shoe Co.* case, the Court held that there was a deliberate attempt to appropriate the trade of a rival. Not only was the trademark adopted strikingly similar to that used by the rival, which was done deliberately, but other expedients were adopted,

“all of which were calculated to help along the deception and enable it to accomplish its purpose.”

In the case at bar, the label to the boxes was innocently adopted and constitutes the only similarity between petitioners' and respondent's goods. There was no competition between the parties. The label was first used by petitioners when the com-

munity in which they do business had not become familiar or, in fact, acquainted with respondent's label.

On the first appeal in the *Hamilton-Brown Shoe Co.* case, 165 Fed. Rep., 413, the Court found not only that trade-names had been copied, but also that other attempts at simulation had been proven. At page 416 it says:

"But we cannot believe that, at the time of the adoption by defendant of the name 'The American Lady' for its shoes, it did not know that complainant used the words 'The American Girl' for its shoes, as it appears that the salesmen who were assembled by defendant and adopted the name 'The American Lady' had been traveling through the territory in which complainant's American Girl shoe had been sold and extensively advertised as such. The adoption by defendant of the catch-phrases simulating that of complainant, adopting the same numerals that complainant had adopted, and, when complainant went back and adopted the additional numeral 397, then likewise immediately adopting the same, we cannot think took place without knowledge that it was following complainant in this regard. Had it only imitated complainant in one respect, it might well be said that it was innocently done and without knowledge of the previous adoption by the complainant; but the several acts of complainant being followed so closely in imitation by defendant is persuasive, if not conclusive, evidence that it was done with knowledge that it was imitating complainant."

In the case at bar petitioners made every effort to distinguish their goods from those of any other dealer. And the only similarity between the *Iron-ter* and the *Notascme* hosiery consists in the color

and form of a label at the side of the box, a non-factional and unimportant element of the dressing of the merchandise.

Even in trade-mark cases, this Court has refused to award profits though infringement was established.

In the case of *Sarlechner v. Siegel-Cooper Co.*, 179 U. S., 42, the Court says:

"We think that an injunction should issue against all these defendants, but that, as the Siegel-Cooper Company appears to have acted in good faith, and the sales of the others were small, they should not be required to account for gains and profits. The fact that the Siegel-Cooper Company acted innocently does not exonerate it from the charge of infringement. *Moet v. Couston*, 33 Beav., 578; *Millington v. Fox*, 3 Myl. & C., 338; *Edelsten v. Edelsten*, 1 DeG., J. & S., 185; *Browne Trade-marks*, § 386."

In the lower courts, it has frequently been held that even though an injunction may be issued in unfair trade cases that a decree for profits and damages does not necessarily follow.

In *Rushmore v. The Badger Brass Manufacturing Co.* (2nd Circuit, May 12, 1912), 198 Fed. Rep., 379, C. C. A., the defendants placed upon the market an automobile lamp, which in non-functional features, resembled the lamp sold by the plaintiff. Judge HAZEL held that the lamps manufactured by the defendant were identical with the plaintiff's lamp, and the similarity so close as to make it probable that buyers would be deceived into believing that they were buying complainant's lamp without any other misrepresentation and that, in his opinion, the imitation was intentional. In fact, the decree itself states that the infringing lamp was "so similar in appearance to said complainant's

lamp, as to make it probable that buyers may be deceived into believing that they were buying the complainant's lamp, without any other representation."

The defendant appealed and asked to be relieved from an accounting or, at least, that the account be limited to the damages actually sustained and proved by the complaint. (The precise point involved in this appeal.) *The Circuit Court of Appeals considered this request reasonable and proper, and granted it. It says:*

"The testimony that the defendant, or its agents, attempted to palm off its lamps as Rushmore lamps, is unsatisfactory and unconvincing.

We are also convinced that the great majority of the defendant's lamps were sold on their merits and on the established reputation of the defendant, without any reference to the complainant's lamps. *To award the entire profits made on the sales of defendant's lamps without proof of actual fraud on its part would be inequitable. An accounting covering the entire field of the defendant's sales would involve both parties in a long and expensive examination unwarranted by the probable results. It seems to us unfair that the complainant should recover profits on the sale of lamps by the defendant to persons who never heard of Rushmore, and were well aware that the lamps they bought were made by the defendant, and who bought them because they were so made.*

A DECREE FOR PROFITS AND DAMAGES DOES NOT NECESSARILY FOLLOW A DECREE FOR AN INJUNCTION. * * * See, also, *Fairbank Co. v. Windsor*, 124 Fed., 200, 61 C. C. A., 233. We think the accounting should be limited to sales where it is shown by direct or presumptive evidence that the complainant would have sold the lamps but for the sale by the defendant." (Italics are ours.)

The same theory as to the damages is elaborated in full by Judge DENISON, speaking for the Circuit Court of Appeals of the Sixth Circuit in *G. & C. Merriam Co. v. Saalfeld* (July, 1912), 198 Fed. Rep., 369, where he says:

"We think the controlling question must be by whether a sale was the result of the misleading. In a patent case and in determining the patentee's right to the infringer's profits, the loss of the sale of the complainant patentee is not vital. He may recover profits even if he had not been manufacturing and would have been then unable to make the sale; and this is because he had a monopoly in the article itself. Not so regarding a trade-mark and the right to protection against unfair competition; these rights are only incidental to an existing business; they cannot be independently injured or suffer damages; they do not create any monopoly in the article itself; there can be no damage in connection with violation of these rights, except as there is injury to the business and good-will; *and these damages can be only through loss of sales which otherwise would have accrued to the injured business.*"

POINT III.

Even if the rule in patent and trade-mark cases as to the recovery of profits as damages were applicable, the decision of the Court below was erroneous in awarding as damages all profits made by the petitioners on the sale of "Irontex" hosiery in the absence of proof of how much, if in any respects at all, the label contributed to the sale of the article.

The respondent makes no claim of novelty in packing or folding their hosiery, excepting insofar

as the coloring and shape of labels, fillers and cards is concerned.

There is no claim of similarity between the fanciful names adopted, that is, between "Notaseme" and "Irontex."

There is no claim that your petitioners' full-fashioned hose, or hose with seams, is intended as a substitute for or sold in competition with hose without a seam, except as in the ordinary course of business.

Hosiery without seams is sold by many other manufacturers than the respondent. The trade-mark registered by the Notaseme Hosiery Company in May, 1909, was a square, diagonally transversed from the upper left-hand corner to the lower right-hand corner by a black band, and the upper and lower triangular panels being red. That trade-mark in that form was never used without the word "Notaseme" printed across the band in white script, either before the reorganization of the company into the Notaseme Hosiery Company or thereafter.

A rectangular label was attached to the end of the box in which hose were packed, on which the name "Notaseme" appeared. On your petitioners' goods the direction of the black diagonal band was reversed, but the name "Irontex" appeared. The name "Notaseme" distinctly indicates the name of the goods, that is, seamless hosiery. The name "Irontex" indicates wearing quality, and the goods on the merest inspection show that they are with seams.

Your petitioners respectfully submit that where, as in this case, the label is a small non-functional, non-essential part of the labeling or dressing of the goods, the complainant was not entitled to all the profits made by your petitioners upon goods so dressed, in the absence of any proof that the label,

apart from the arbitrary words inscribed on the black band, in the slightest degree contributed to the sale of the goods.

In

Westinghouse v. Wagner (1911), 225 U. S., p. 604, at pp. 614-615,

Justice LAMAR lays down the circumstances under which *all the profits* can be claimed by a patentee, as follows:

“(a) Where the infringer has sold or used a patented article, the plaintiff is entitled to recover all of the profits.

(b) Where a patent, though using old elements, gives the entire value to the combination, the plaintiff is entitled to recover all the profits. *Hurlbut v. Schillinger*, 130 U. S., 472.

(c) Where profits are made by the use of an article patented as an entirety, the infringer is liable for all the profits ‘unless he can show—and the burden is on him to show—that a portion of them is the result of some other thing used by him.’ *Elizabeth v. American Nicholson Pav. Co.*, 97 U. S., 127.

(d) But there are many cases in which the plaintiff's patent is only a part of the machine and creates only a part of the profits. His invention may have been used in combination with valuable improvements made, or other patents appropriated by the infringer, and may have jointly, but unequally, contributed to the profits. *In such case, if plaintiff's patent only created a part of the profits, he is only entitled to recover that part of the net gains.* He must therefore ‘give evidence tending to separate or apportion the defendant's profits and the patentee's damages between the patented

feature and the unpatented features, and such evidence must be reliable and tangible, and not conjectural or speculative; or he must show, by equally reliable and satisfactory evidence, that the profits and damages are to be calculated on the whole machine, *for the reason that the entire value of the whole machine, as a marketable article, is properly and legally attributable to the patented feature.* *Garretson v. Clark*, 111 U. S., 121."

The syllabus states that the burden rests upon the patentee of showing what part of the commingled profits are attributable to the use of his invention by merely proving the existence of such profits and the impossibility of accurately separating them from those arising out of the defendant's additions, and that the burden of making that separation then shifts to the defendant.

If the addition to any label to the box in which the goods were packed did in any way contribute to the sale of the "Irontex" hosiery, no attempt was made to prove it, and there are no facts in evidence from which such an inference can be drawn, and complainant has wholly failed to bring himself within the rules for the recovery of damages laid down by Mr. Justice LAMAR.

The principles underlying that case were repeated with approval in the case of *Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.*, 235 U. S., 631, where the decree would have been affirmed but for the fact that the hearings before the Master in that case were had prior to the decision in the case of *Westinghouse Electric & Mfg. Co. v. Wagner Electric & Mfg. Co.*, at a time when the decisions bearing upon the apportionment of profits, and also upon the admeasurement of damages were not harmonious, and thus resulted in the evidence being so imperfectly presented as not to afford the

data requisite to a final adjustment of the matters in controversy on the merits.

In the case at bar, the *Westinghouse* case was called to the attention of the Court below, but was ignored by it.

The proper measure of damages in cases of unfair trade was discussed at length on the argument in this Court of the *Hamilton-Brown Shoe Co.* case (not yet decided).

POINT IV.

The registered trade-mark gives respondent no additional rights.

In the District Court, Judge HAZEL dismissed the complaint on the ground that the respondent was not entitled to protection under the Trade-mark Law and that there was no proof of unfair trade. The Circuit Court of Appeals refused to consider the trade-mark question at all, but reversed the decree on the ground that there was unfair competition. Strictly speaking, therefore, the trade-mark is practically eliminated from the discussion before the Court.

It may be claimed, however, that there was no specific adjudication as to the invalidity of the trade-mark; petitioners herewith briefly call to the Court's attention first, that the trade-mark as registered is not a valid trade-mark; second, that it has never been used as registered; and thirdly, that the trade-mark as used contained misrepresentations which would deprive the respondent of protection under the Trade-mark Law.

THE TRADE-MARK AS REGISTERED IS NOT A VALID TRADE-MARK.

The trade-mark as registered (p. 239) shows that the Milander-Newman Corporation claimed, as

a trade-mark, a square with a black band running from the upper left to the lower right-hand corner, the square itself enclosed in a white band, the upper and lower panels being colored red. As registered, that mark has no identifying symbol denoting either origin or ownership. In actual use, the word "*Notascme*" in white script on the black band, with the word "trade-mark" in the flourish under the word, was the conspicuous feature of the mark, and in that form, had been refused registration by the Patent Office, because the word correctly described the character of the article. That the rejection in that form was perfectly proper is beyond criticism:

Columbia Mill Co. v. Alcorn, 150 U. S., 460.

Elgin National Watch Co. v. Illinois Watch Case Co., 179 U. S., 665,

and the fact that the words were condensed into one, does not change this rule.

Barrett Chemical Co. v. Julius Stern, 176 N. Y., 27.

When that descriptive name was removed and the label was registered as a trade-mark, the rectangular figure traversed by a black band did not, in the slightest degree, indicate by its own meaning (and there was no proof of such indication by association) the origin or ownership of the article to which it was to be applied, and as it did not do so, it served no useful purpose.

Amoskag Mfg. Co. v. David T. Finer, 101 U. S., 51.

The very meaning of the term "trade-mark" implies a fixed and determined arrangement, symbol

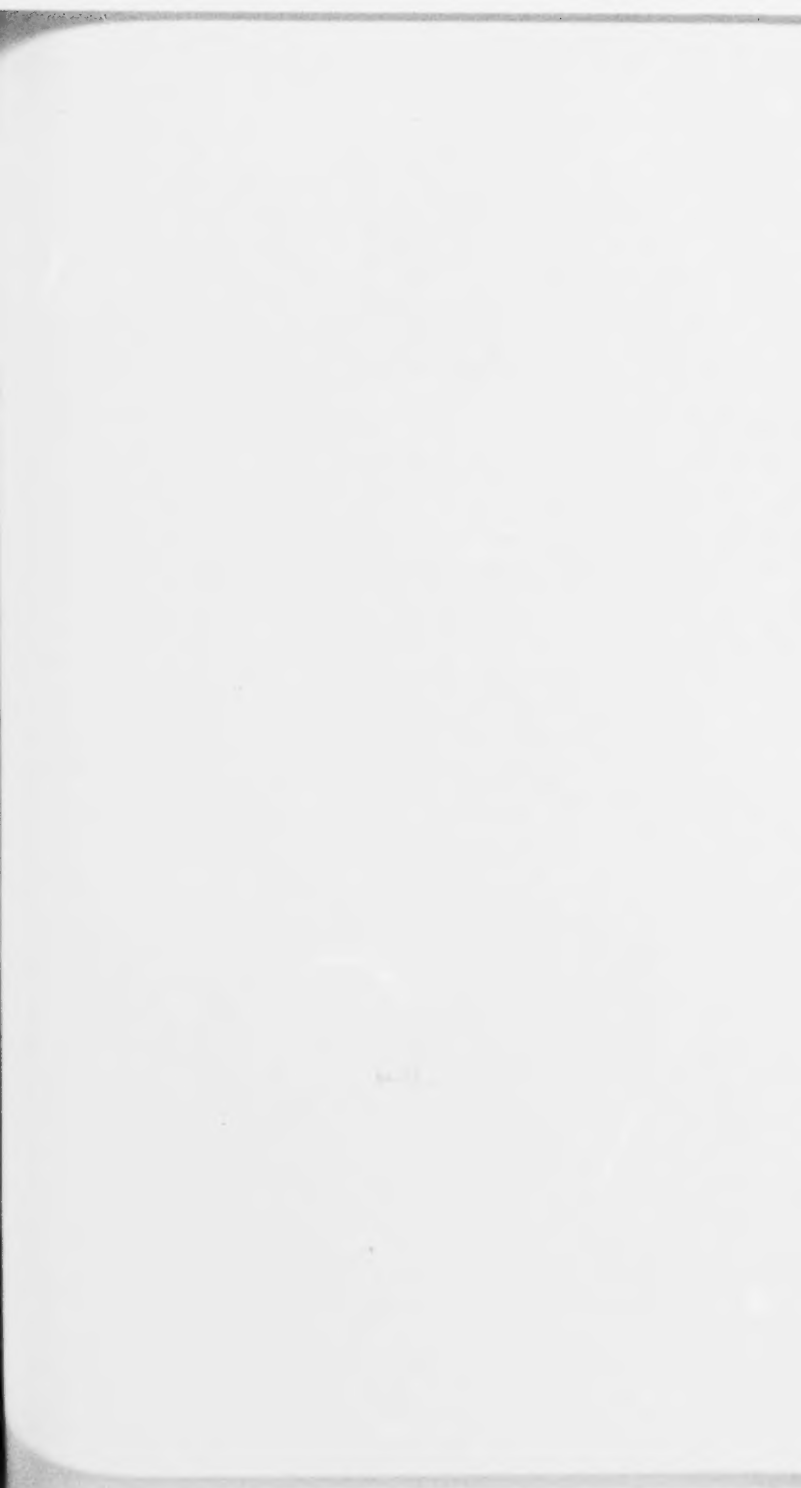
or device which becomes a sign to the public of the origin of the goods to which it is adopted, and an assurance that they are the genuine article of the original producer.

The shape and coloring of this figure, without any additional identifying marks, does not, by itself, contain such information. It might well be that by long use, the shape and color had in some way become associated in the public mind with the Milander-Newman Corporation, or with its successor, but the record is barren of any evidence to establish such a condition, and, in fact, if anything, the inference to be drawn from the record leads to a contrary conclusion.

That mark was adopted at the same time that the Milander-Newman Corporation was organized. Within a few months thereafter, Mr. Pfingst, of the Lee Hosiery Company, a manufacturer of hosiery in the same city as the respondent, selected the "*Irontex*" label, containing the same color scheme on a rectangular figure, and submitted it to the petitioners. On cross-examination he stated that he had never seen any label like that attached to hosiery. If a manufacturer in the same city was not aware that a certain combination of colors in a rectangular figure indicating ownership by the Milander-Newman Company, it seems unlikely that such an association between the colored rectangle and the Milander-Newman Company existed in the public mind. Again, the head of the department at Macy's, who no doubt was familiar with the hosiery trade, testified that he neither knew the label, nor the manufacturer.

Though colors on a label may make the dress of the article striking and attractive, the mere coloring is not usually the subject of a trade-mark.

Coats v. Merrick Thread Co., 149 U. S.,
562.





As a matter of fact, however, not a single dealer at wholesale or retail, nor a single consumer, has been produced who recognized or identified the square with the red panels and the black band as the mark or symbol of the Milander-Newman Company, or of the Notaseme Hosiery Company, its successor.

IT HAS NEVER BEEN USED AS REGISTERED.

Not only did respondent never use the label without the word "*Notaseme*" conspicuously printed on the black band, but it frequently changed the geometrical shape and the shape of the red panels. For instance, "Complainant's Exhibit, complainant's box," the label at the end of the box is a long rectangle (XQ. 154, p. 119). On the band used as a wrapper, the figure is a square (XQ. 162, p. 119). "Complainant's Exhibit No. 1, placard," is again a different shape (see opposite page). That placard was used for street car signs in the City of New York after April, 1910, so that it clearly appears that there were four variations of the rectangular figure and two variations in the shape of the colored panels (XQ. 181, p. 121 *et seq.*). The one that least resembled the mark as registered was the one that was used for advertising in the street cars of the City of New York.

THE TRADE-MARK AS USED CONTAINED MISREPRESENTATIONS WHICH WOULD DEPRIVE THE RESPONDENT OF PROTECTION UNDER THE TRADE-MARK LAW.

On the very first day that the Milander-Newman Corporation started business until the present time, the term "*Notaseme*" in white script with the word "trade-mark" stamped in the flourish in black has appeared upon the black band. It sought to register the mark in that shape, and registration was

refused on the ground that the term "*Notasme*" could not be registered as a trade-mark. Despite that fact and for upwards of a year and a quarter after that rejection, the Milander-Newman Company continued to use the mark in precisely the same way; thus asserting to the public that the label was trade-marked, when, in fact, it had been rejected, and after its registration, it printed the registration as required by statute beneath the mark, but left the word "trade-mark" in the flourish of "*Notasme*," although if that word were removed the term "trade-mark" would likewise be removed, being printed in black on the black band in the white flourish. The evident intention was to inform the world, though knowing it to be false, that the term "*notasme*," the most conspicuous portion of the label, as well as the label itself, was the subject of a trade-mark, when as a matter of fact neither was, and was known to the complainants not to be trade-marked. Defendants were certainly deceived thereby. When in December, 1909, complainants wrote to the defendants complaining about the similarity of their marks, defendants answered (p. 145):

"We are in receipt of your communication of November 29th, in which you allege that the trade-mark 'Irontex' which we use on a brand of stockings is an infringement of a trade-mark which you have registered under the name of '*Notasme*.'"

They evidently assumed that the term "*Notasme*" was the name for the whole label.

At any rate, where a symbol or label is worded so as to make a distinct assertion which is false, the trade-mark will not be recognized nor can any right to its exclusive use be maintained.

Holzapfels Composition Co. v. Rhalferns American Co., 183 U. S., 1.

But the complainants claimed that no misrepresentation was made, because they had a right to use their registered trade-mark in conjunction with the unregistered trade-mark "*Notascme*," which, despite the fact of having been refused registration, constitutes a trade-mark at common law. But the ground upon which the Patent Office refused registration to the original drawing containing the term "*Notascme*," that it was a mere descriptive word, and therefore not subject to registration, is sufficient to deprive it of any common law rights as a trade-mark, and it could not be used either alone or in conjunction with the other mark.

POINT V.

It is respectfully submitted that the decrees of the Circuit Court of Appeals and of the Circuit Court holding petitioners guilty of unfair trade and awarding damages against them be reversed, and that the complaint be dismissed, with costs.

Dated, New York, Dec. 15th, 1915.

EDMOND E. WISE,
Of Counsel.

~~JAN 15~~ 1916

JAMES D. MAHER

CLERK

UNITED STATES SUPREME COURT

NO. 184.**OCTOBER TERM, 1915.**

ISIDOR STRAUS and NATHAN STRAUS, Com-
posing the Firm of R. H. MACY & CO.,
Petitioners,

Against

NOTASEME HOSIERY COMPANY,
Respondent.

BRIEF FOR RESPONDENT

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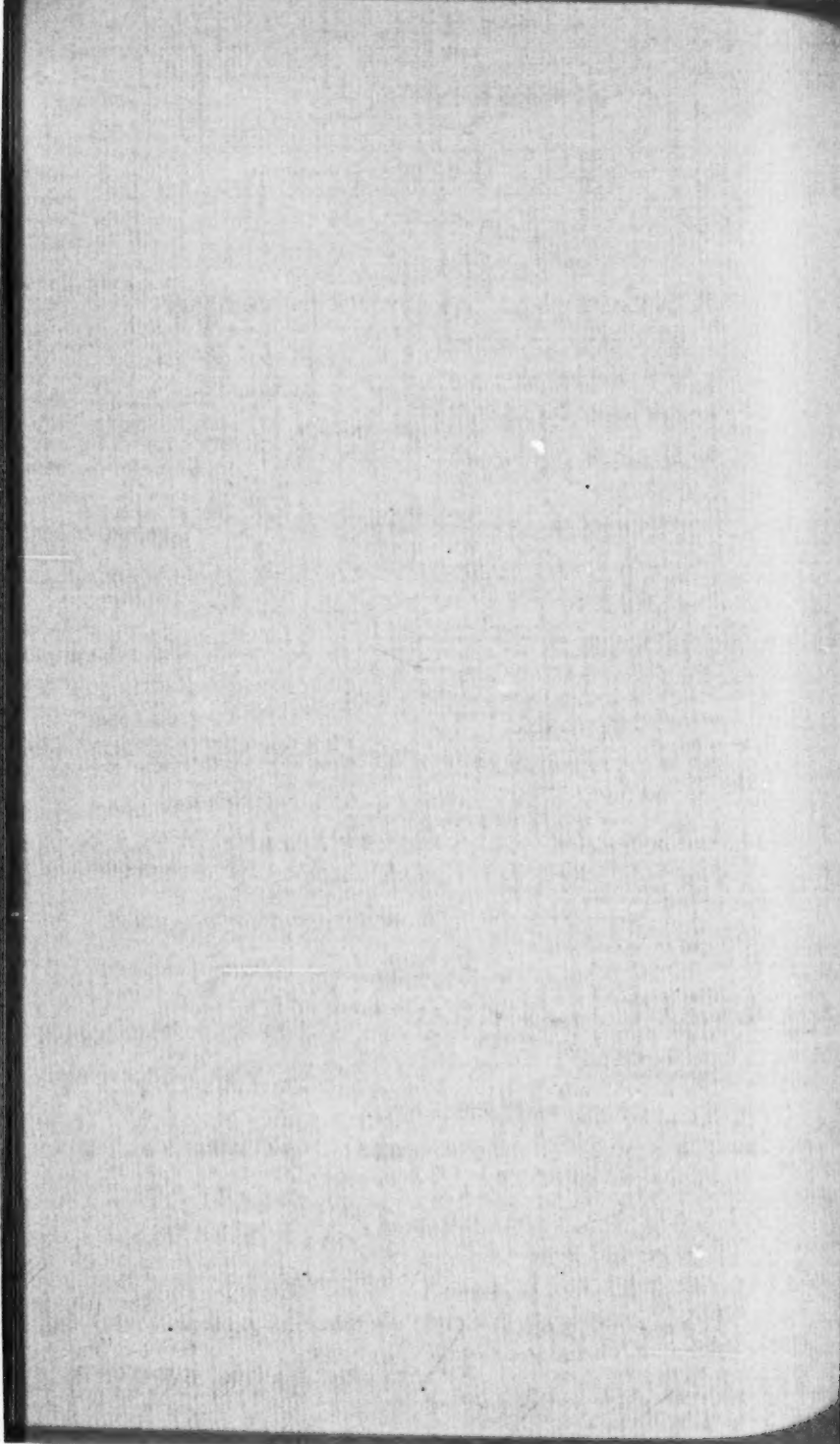


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Argued by E. Hayward Fairbanks.

SYNOPSIS.

I.

That the infringement of complainant's label and trade-mark involved a wilful and fraudulent competition deliberately continued after actual notice, appears from the following extract from the first opinion of the Court of Appeals (Record, p. 2):

"The testimony shows that the complainant's label came into use some six months before that of the defendants. It also shows that the engraving company which prepared the complainant's label designed that of the defendants. The inference is strong that the latter was actually copied from the former, and this inference is supported by comparing them. Each label is a rectangular design, having a diagonal black band with white script and triangular red panels. There is nothing to show that the defendants themselves knew at first of any similarity in the labels, but they were notified afterwards and continued the use."

II.

In the decree entered February 27th, 1913, under the mandate of said Circuit Court of Appeals, following the opinion *supra*, pursuant to which all subsequent proceedings have been conducted, it was adjudged:

"Third: That the complainant is the true, rightful and sole owner of a certain symbol or label consisting of a rectangular figure having a diagonal black band extending across the same and dividing the said figure into upper and lower panels colored red, said symbol or label being applied to hosiery or to cartons or packages containing said hosiery.

"Fourth: That the complainant is the true, rightful and sole owner of a certain symbol or label, consisting of a rectangular figure having a diagonal black band extending across the same and dividing the said figure into upper and lower panels colored red, said black diagonal band having white script thereon, and said symbol or label being applied to hosiery or to cartons or packages containing said hosiery." (Record, pp. 4 and 5.)

III.

In said decree on the issue of infringement, it was adjudged:

"Sixth: That the sale by the defendants of hosiery manufactured by or for them, said hosiery having applied to it or to cartons or packages containing it, the symbol or label aforesaid, constitutes an invasion of the rights of the complainant, and an unfair and unequitable competition, which equity will restrain.

"Seventh: That the defendants have infringed and violated the right and title of said complainant, by purchasing and selling cartons or packages or hosiery, having thereon or therein, a label of rectangular design having a

black diagonal band across the same dividing the design into upper and lower panels colored red, like, or substantially like, complainant's label, and having thereon lettering and marking, like, or substantially like, complainant's lettering and marking, and as particularly shown by complainant's exhibit, defendants' box, presented as an exhibit in this case." (Record, pp. 5 and 6.)

IV.

In the accounting paragraph of said decree:

"It is further Ordered, Adjudged and Decreed that this cause be referred to John A. Shields, one of the Masters in Chancery in this court, to take testimony and ascertain and report to this Court the profits accruing to the defendants, by reason of the commitment of the unlawful acts here found, and the damages accruing to the complainant by reason of such acts, with full power to summon and command the attendance of the defendants * * * * " (Record, p. 8.)

V.

The fraudulent intent of petitioners (defendants) to deceive after notice also appears from the opinion of the trial Court on the exceptions to the Master's report (Record, p. 40):

"The Court of Appeals was clearly of the opinion that a case of unfair competition had been made out * * * *

"mere inspection of the two labels with their panels and contrasting colors showed quite satisfactorily that the designer of the later label tried to make it so nearly like the earlier one that it would be likely to deceive purchasers. So close a copy of an earlier design is not often seen; manifestly, it was not accidentally produced, it was devised with some intelligent purpose, and there is no evidence which would warrant the conclusion that such purpose was other than that which the Court of Appeals has found, viz.: an attempt to compete unfairly with the owner of the earlier label."

VI.

Finally, defendants' wilful and fraudulent intent in continuing the infringement and unlawful competition after actual notice appears in the second opinion of the Court of Appeals affirming the decree of the trial Court on exceptions to the Master's report, as follows (Record, p. 60):

"The defendants' appeal, on the ground that profits in cases of unfair competition are recoverable only when there is intentional fraud. Assuming this to be so, we are, in view of our previous decision, compelled to find that there was fraudulent intent.

"The decree is affirmed (215 Fed. 361)."

VII.

The decisions are uniform that actual, intentional and wilful infringement or unfair competition, especially after notice, where fraudulent intent is present, is punishable by forfeiture of defendants' profits in the nature of punitive damages; whatever the law may be as to cases of unfair competition based on presumption of deception arising from mere similarity of labels or other trade insignia.

VIII.

Defendants' trespass being wilful, intentional and with fraudulent intent after notice, punitive damages are properly allowed which are measured by the defendants' profits, as is the uniform rule. The decree below in the instant case is based upon a finding of actual, wilful infringement and a fraudulent competition after actual notice.

IX.

The thing enjoined, to wit, defendants' simulation of complainant's label, is complainant's trade-mark (Record, p. 238), infringement of which was a violation of a property right, a monopoly created by statute exclusive in complainant, the penalty for the invasion whereof is prescribed by said statute, which awards to the grantee of the monopoly the infringer's profits, as well as damages, even in case no actual damage is shown, on the ground that the infringer has diverted from complainant the profits which the

infringer, on the principle of trustee, made on the articles marked with the spurious mark.

X.

Eight Federal Judges of the Second Circuit have directly or indirectly passed on all the questions presented to this Court, and all adversely to petitioners, viz.: Judge Lacombe, Judge Ward, Judge Noyes, Judge Coxe, Judge Rogers, Judge Hazel, Judge Hand and Judge Mayer. The cause has been twice before Circuit Judge Lacombe and twice before Circuit Judge Ward.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1915.

No. 184.

ISIDOR STRAUS and NATHAN STRAUS, composing the
firm of R. H. MACY & Co.,
Petitioners,
(Defendants below),

VS.

NOTASEME HOSIERY COMPANY,
Respondent,
(Complainant below),

RESPONDENT'S BRIEF.

This was a suit in equity brought by respondent (complainant below) against petitioners (defendants below) to restrain (a) infringement of a trademark registered under the Act of 1905 and (b) unfair competition in trade. Federal jurisdiction was based on two grounds.

First. The plaintiff's trade-mark No. 73,597, registered May 4th, 1909, was properly so registered under the Act of February 20th, 1905; and,

Second. Unfair competition because of the existence of the statutory amount in controversy and diverse citizenship, The Notaseme Hosiery Company, plaintiff, being a citizen of the State of Pennsylvania, and R. H. Macy & Co., defendants, being citizens of the State of New York.

BRIEF SUMMARY OF THE LITIGATION AND OPINIONS BELOW.

The bill was filed in the summer of 1910, and was dismissed on final hearing by a decree entered March 18th, 1912.

On the first appeal taken by complainant, the Circuit Court of Appeals for the Second Circuit (Circuit Judges Lacombe, Ward and Noyes) on December 9th, 1912, reversed the lower Court (201 Fed. 99, Record, p. 1).

On the second appeal taken by defendants from Judge Lacombe's opinion confirming the Master's report, the Court of Appeals affirmed the lower Court (215 Fed. 361, Record, p. 60).

Complainant, Notaseme Hosiery Company, was appellant in the Court of Appeals in the first appeal, appellee in the second appeal and is respondent in this court. The defendants, Macy & Co., were appellees in the first appeal, appellants in the second appeal and are petitioners in this court.

We shall refer to the parties as complainant and defendants.

The first ten and one-half pages of petitioners'

brief is in the main a fair and correct general statement with the exception of a line and a half near the bottom of page 4, to wit, "*The defendants immediately discontinued the use of the label,*" and two lines below the middle of page 6 of their brief, to wit, "No proof of fraud, confusion or substitution of goods, or loss of sales, was offered."*

Following said first opinion of the Court of Appeals, which found defendants guilty of *intentional fraud* (Record, p. 1), an interlocutory decree was entered on February 27th, 1913, pursuant to the mandate (Record, pp. 3 to 8) ordering an injunction and accounting, the Master being directed

"to take testimony and ascertain and report to this Court the profits accruing to the defendants by reason of the commitment of the unlawful acts here found, and the damages accruing to the complainant by reason of such acts * * *" (Record, p. 8.)

The Master awarded complainant \$15,411.29 with interest (Record, pp. 26 to 31, see page 31). Judge Lacombe, upon modifying and confirming the Master's report, awarded complainant \$9,839.73, and again found defendants guilty of *fraudulent intent*

*As to the first item, the first opinion of the Court of Appeals, adjudging the defendants to be infringers and unfair traders, was filed December 9th, 1912. Notwithstanding this, defendants in flagrant disregard of said opinion continued the use and sale of the offending hosiery packages having the fraudulent printed labels, symbols and other indicia of the complainant up to February 1st, 1913, a period of nearly two months after their condemnation by the Court of Appeals (Record, pp. 24 and 25).

As to the second item, the Court of Appeals twice found the defendants guilty of *intentional fraud* and the record shows several instances of confusion and substitution.

for the illegal use of plaintiff's trade-mark and label *after notice* (Record, p. 40, 209 Fed. 495).

The final decree entered by Judge Lacombe appears on pages 42 *et seq.* of the record, see middle of page 44.

Upon defendants' appeal from said final decree the Circuit Court of Appeals (Circuit Judges Coxe, Ward and Rogers) on May 14th, 1914, affirmed Judge Lacombe (Record, p. 60), and again found defendants guilty of *intentional fraud*. Consequently, on *two* distinct occasions, the Circuit Court of Appeals for the Second Circuit has passed upon the questions raised by these petitioners (defendants) and found them guilty of *intentional fraud*.

This record, therefore, contains three distinct and concurrent findings of fact, to the effect that defendants had been guilty of *fraudulent intent* (Record, pp. 1 and 240 and p. 60.)*

Consequently, the Court of Appeals awarded complainant, the defendants' profits for the illegal, wilful and fraudulent use of plaintiff's trade-mark and label *after notice*, said profits being recoverable where there is wrongful intent or when the facts or circumstances justify the inference of *intentional fraud* from the inevitable consequences of the act complained of. All the Circuit Judges of the Second Judicial Circuit, Judge Lacombe, Judge Coxe, Judge Ward, Judge Noyes and Judge Rogers, as well as District Judge Hazel, who signed the interlocutory decree (Rec., pp. 3 to 8), District Judge Hand and

*In *Gilson vs. United States*, 234 U. S. 380, this Court referred to "the settled rule of this court that the concurrent findings of two Courts below will not be disturbed unless shown to be clearly erroneous."

District Judge Mayer*, have, therefore, passed directly or indirectly on all questions raised by these petitioners (defendants) and adversely to them. There was no dissent in the two opinions of the Circuit Court of Appeals, and no conflict between different Courts of Appeal. All five of the Judges of the Court of Appeals, who decided this case, were of equal rank and all were unanimous in denunciation of defendants' acts.

Defendants do not complain so much about being enjoined from using their false and spurious label or dress for their hosiery as they do about being compelled to pay the complainant the judgment awarded by the Court of Appeals.

THE TWO QUESTIONS PRESENTED.

As it is assumed that this Court will review the entire case, it is pointed out at the threshold that two questions are presented:

(a) The validity and infringement of a trade-mark No. 73,597, registered under the Trade-mark Act of 1905 (Record, p. 238), and the accounting thereunder; and,

(b) The issue of unfair competition, and the accounting thereunder.

In the opinion of the District Court written by Judge Hazel (Record, p. 232) (and reversed by the Court of Appeals), we think that the learned Dis-

*Following the affirmance of the Court of Appeals, on the second appeal defendants applied to both Judge Hand and Judge Mayer for a stay of execution. Both refused to interfere on the ground of "lack of power."

triet Judge, beyond the shadow of a doubt, erred on both branches of the case in adopting the ingenious and specious argument adduced by the defendants.

In the first opinion of the Court of Appeals (Record, p. 1), which begins:

“As we are of the opinion that the complainant may obtain adequate relief upon its charge of unfair competition, we think it unnecessary to examine the charge of trade-mark infringement”

we think that in its reference to “adequate relief” the Court of Appeals undoubtedly had in mind the injunctive *relief*, which is sometimes in unfair competition cases broader than an injunction prohibiting merely the use of a registered trade-mark, and, of course, in the instant case, the issuance of the injunction on the unfair competition issue instantly checked defendants’ use of the spurious and fraudulent packages and the pirated marks, symbols and other indicia which have been found to be complainant’s exclusive property.

However, as regards the accounting under the registered trade-mark, a slightly different situation exists, since the infringement of complainant’s registered trade-mark (which has not been disputed by even the defendants), constitutes a violation of a property right, a monopoly created by statute, exclusive in complainant, the penalty for the invasion whereof is prescribed by said statute, which awards to the grantee of the monopoly the infringer’s profits (Sec. 19 of the Trade-mark Act of 1905).

The registration of complainant’s trade-mark or label under the Act approved February 20th, 1905, is *prima facie* evidence of the ownership of the mark in the complainant.

Section 16 of the Act.

Dauids vs. Davids, 233 U. S. 461.

Under the Act of Congress approved February 20th, 1905, such registration of this mark established the ownership of the plaintiff therein and entitles the owner to relief in case of any *colorable imitation of such mark or of its distinguishing features*.

Sections 16, 19 and 20 of the Act.

An injunction may be issued against the use of such colorable imitation and the Court may order the destruction of all copies, and an accounting. (Section 20 of the Act.)

Mr. Justice Hughes in the opinion in the Davids case, *supra*, said:

"In view of this statutory right, it would not be considered necessary that the complainant, in order to establish infringement, should show wrongful intent in fact on the part of the defendant or facts justifying the inference of such intent."

(Citing:

Lawrence, etc., vs. Tenn, etc., 138 U. S. 538, 549;

Singer vs. June, 163 U. S. 169;

Elgin vs. Ill., etc., 179 U. S. 665-67).

Hence, under the trade-mark infringement issue, we think that complainant should be awarded, at least, the amount originally found by the Special Master (Record, p. 31), \$15,411.29, which represents defendants' entire profits on the enjoined spurious and fraudulent packages with the pirated mark, under Section 19 of the Trade-mark Act of 1905, fol-

lowing the familiar rule announced by this Court in the Hunyadi Water Case, 179 U. S. 19, followed in 138 Fed. 22.

Singer vs. June, 163 U. S. 169;

Regis vs. Jaynes, 191 Mass. 243;

Foster Co. vs. Cutter-Tower Co., 97 N. E. 749;

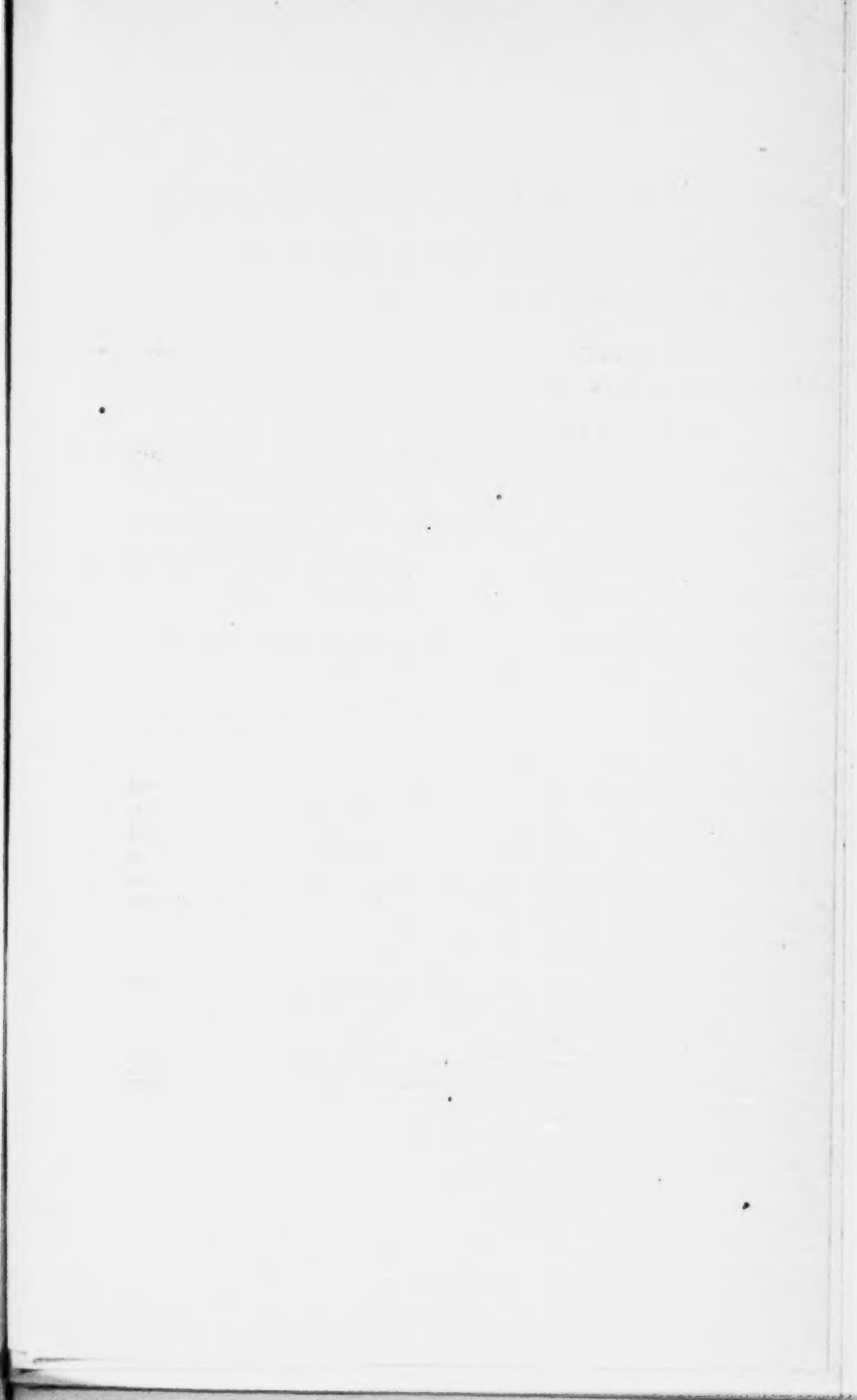
Shoe Co. vs. Shoe Co., 100 Me. 461;

and if our contention on the issue of trade-mark infringement be found to be correct, we submit that this Court should so order.

HISTORY OF COMPLAINANT'S LABEL AND TRADE-MARK, AND THE PROCEEDINGS IN THE PATENT OFFICE.

Complainant's predecessor, the Milander-Newman Company, was formed in September, 1907, by Messrs. Milander and Newman, who had an extensive business acquaintance and good-will in the hosiery trade and immediately commenced the manufacture and sale of hosiery.

As seamless hosiery is made in this country to the extent of about \$50,000,000 annually, complainant's only way to distinguish its merchandise was by some attractively designed label and trade-mark. Consequently, complainant's predecessors adopted the curious and arbitrary symbol comprising a rectangular figure having a diagonal black bar and upper and lower triangular panels in red, the diagonal



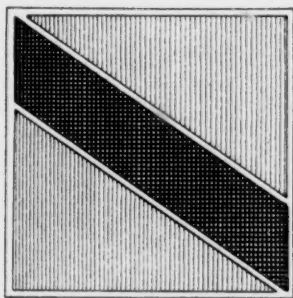
TRADE-MARK.

THE MILANDER-NEWMAN COMPANY.

HOSIERY.

APPLICATION FILED DEC. 14, 1907.

Registered May 4, 1909.



black bar having thereon the fanciful, coined word "Notaseme" in white script. This symbol or label formed a very unique and curious eye object, impressive in itself and attractive to all who of necessity noted its application.

On December 14th, 1907, about a couple of months after its adoption of this trade-mark and label, plaintiff's predecessor applied for trade-mark registration on its label in its entirety, including the rectangle, the diagonal bar, the triangular panels, and the word Notaseme in white script on the diagonal bar. When the trade-mark examiner in the Patent Office reached this trade-mark application, he stated that the word "Notaseme" was a misspelled, descriptive word and was not registerable, as in his opinion it was descriptive of the goods. He requested that the word "Notaseme" be removed from the trade-mark drawing, which was done, and in due course, the trade-mark as seen in the drawing facing this page was registered on May 4th, 1909.

On May 8th, 1909, four days later, the Milander-Newman Company was reorganized and its name changed to the Notaseme Hosiery Company, which acquired the plant, good-will, trade-mark rights, etc., of its predecessor (R., p. 104) and continued the use of its fanciful mark or label comprising the rectangle with the diagonal black bar, the upper and lower triangular panels in red, plus the word "Notaseme" in white script on the diagonal black bar; this mark, symbol or label having been used by complainant and its predecessor from October, 1907, continuously up to the present hour.

It is a common practice for the examiner of trade-marks in the Patent Office to require the elision from the drawings of trade-mark applications, of sym-

bols, words, geographical names, slang phrases and the like, for the purpose of having registered marks, when finally issued, confined to matter within the statute and not to geographical or descriptive matter or the like. This is precisely what happened in connection with the prosecution of complainant's trade-mark in the instant case, and we are safe in saying that the requirement as to the elision of descriptive or geographical matter or the like from the drawings in pending trade-mark applications is being constantly made by the trade-mark examiner in the Patent Office. When this requirement is complied with by an applicant for a trade-mark, it is not a disclaimer of any rights, as a right to a trade-mark can only be lost by abandonment or non-use; and where a complainant, as here, continuously uses a fanciful word, label or symbol, as the word "Notaseme" here, continuously from its date of adoption, either alone or in collocation with other embellishments, there is no disclaimer whatever arising from any transaction in the Patent Office.

The only consequences which follow are that the owner of a registered trade-mark has his right to sue thereon in the United States Courts, just as we have done, while his right to relief for the illegal appropriation of the unregistered portion of his mark must be obtained under the law of unfair competition by suits in the Federal or State Courts, the proper forum being determined by the amount in controversy and the existence or non-existence of diverse citizenship.

Inasmuch as the salient or predominant feature of applicant's label was not the word "Notaseme," but the rectangle with the upper and lower vivid red

panels traversed by the diagonal black bar*, the Milander-Newman Company complied with the suggestion of the Patent Office and pressed for registration the colored polygonal design comprising the rectangle, the diagonal black bar and the upper and lower triangular red panels minus other marks or words. The trade-mark application was ordered to issue by the Department and received the registration number 73,597, on which this action is in part based.

In the meanwhile, complainant continued the use of its catchy, fanciful trade-mark, symbol and label in its entirety, comprising the rectangle having the diagonal black bar with the upper and lower triangular panels in red, plus the word "Notaseme" in white script on the black bar and having a flourish thereunder. There was no moral, legal or other reason why complainant should discontinue the use of the word "Notaseme," its common law trade-mark

*XQ. 142. You mean the polygon?

A. The polygonal figure that we use as our trade-mark and he is impressed with this. The picture of this is in his mind and when he goes somewhere to make a purchase he necessarily cannot go into details describing this polygonal design. He simply tries to remember a word that he saw and then he uses that simply to distinguish the hosiery or if he can't remember the word he does identify our goods, if they are in view at all, by the label which is conspicuous. He frequently will simply point to the box and say, 'I will have some of that hosiery,' because he remembers that design.

XQ. 143. But you do not sell at retail, so you cannot speak of your own personal knowledge of it.

A. I can speak of my personal knowledge because I have gone on the road a great deal and I have spent a good deal of time in the stores of my customers and I have watched people come in and point to the stock where they were carrying this hosiery of ours and say, 'Let me have a pair of that hosiery,' and it was quite evident that they recognized it by the very attractive label which is always showing.

* * * * *

XQ. 145. Now, is it not a fact, Mr. Newman, that you considered that name Notaseme printed in conspicuous and noticeable script across the face of the black band a very important feature of the attractiveness of your mark?

A. Not at all. It was not considered an important feature in the attractiveness, whatsoever."

(Rec., bottom of p. 117 and top of p. 118.)

and its corporate name either alone or in combination with other devices. There was no reason whatever why complainant should after the registration of its distinctive trade-mark comprising the rectangle, the diagonal black bar and the upper and lower triangular panels in vivid red, relinquish the rights acquired under the common law and under the statute. There was no reason why complainant should make any change in the manner of designating its goods after the registration of its mark except to place in proximity to its mark the words "Reg. U. S. Patent Office," the usual notice required by the statute; nor was there any deception whatever practiced upon the public by complainant's continuous use of the word "Notaseme" either alone or in conjunction with its registered trade-mark.

When complainant's "Notaseme" labels came from the printer or photolithographer, subsequent to the registration of May 4th, 1909, they appeared to have printed thereon under the bottom of the rectangle, the words "Reg. U. S. Patent Office," while on the tail of the flourish the printer or photolithographer happened to place the words "trade-mark."*

*The printing of the word "trade-mark" on labels is frequently placed indiscriminately upon the label where the printer or photolithographer happens to put it, just as the word "trade-mark" appears at the bottom of the "Inner Seal" label of the National Biscuit Company at the bottom of page 118 of 127 Fed., and the top of page 1008 of 121 Fed.

No one can tell, for example, upon mere inspection of the National Biscuit Company's "Inner Seal" red label, whether the trade-mark is registered or unregistered, or whether the trade-mark consists of the rectangle with the clipped corners or the words "Inner Seal," or the oval with the correlated straight lines at a right angle to each other. It would, however, have been a most unheard-of thing for the National Biscuit Company to be stripped of its trade-mark rights, because a printer happened to misplace the word "trade-mark" on its label. We particularly refer to the National Biscuit Company cases, *supra*, since there are, all told, some thirty odd cases reported and unreported, where injunctions have been issued prohibiting the use of the red seal having the words "Inner Seal" and the peculiar curved and straight white lines thereon coupled with the word "trade-mark."

In the tribunals below, as well as in this court, these enjoined defendants, who have been twice convicted by the Court of Appeals of the Second Circuit as being unfair traders and conducting their hosiery business with *fraudulent intent*, have had the boldness to charge complainant, which has been noted for its integrity and fair and upright dealings, with deception and misrepresentation because a printer happened to print the words "trade-mark" on the flourished end of the script of the word "Notaseme." It clearly appears from the record, page 130, Newman, XQ. 296, *et seq.*, that no such thought was ever in the mind of complainant. There was no deception and no misrepresentation in the addition of the words "trade-mark" printed on the flourish under the word "Notaseme." It was at the most, a mere accident or expedient of the print shop or photolithographer, and even if there were the slightest thing questionable about the same, which in the absence of any intent to deceive, we deny, to impute it to the complainant comes with ill grace from such a copyist of our trade-mark and label, lock, stock and barrel, as this enjoined defendant whose *fraudulent intent* and *intentional fraud* have been denounced by all the Federal Judges of the Second Circuit who have heretofore passed on this cause.

The insinuations and innuendoes on pages 44 and 45 of petitioners' brief are thought to be so fully without merit or warrant, that we believe it to be unnecessary to reply to them further, and we have perhaps paid more attention to this item than is necessary, but in view of the manner in which this trifling occurrence has been distorted and magnified by the defendants, we thought it proper to fully explain all the circumstances.

The actual label employed by complainant has at

all times had printed on the diagonal black bar thereof, the word "Notaseme," in white script, which latter word is the predominant feature of complainant's corporate name, Notaseme Hosiery Company. Complainant's trade-mark, so selected and adopted, was peculiar and distinctive in itself without semblance to any known mark. The mark shows for itself that it has not the slightest relation to the hosiery industry.

Not only was the selection of complainant's mark curious and arbitrary, but its manner of application was also unique and arbitrary, as it was placed on the ends of the cartons, boxes or packages of hosiery, as well as within the same, with distinctive labels, binders and fillers, and its vivid red, triangular panels, divided by the diagonal black bar having the white script thereon, formed a very striking appearance.

Complainant immediately began advertising its trade-mark or label in the *Haberdashers' Magazine*, published in New York, for October, 1907, (R., pp. 128 and 133). From 1907 to 1910, complainant spent in advertising its trade-mark and label between twenty and twenty-five thousand dollars, *ten thousand dollars being spent in New York City alone during this period*, (R., bottom p. 105 and top of p. 106), nearly four times the amount spent in advertising by defendants. (See advertising item in defendants' schedule, Exhibit B, R., p. 25.)

Complainant's total volume of business in those three years amounted to approximately half a million dollars, which sum represented sales of about three million pairs of hosiery, having thereon or coupled therewith complainant's trade-mark and label (R., p. 106).

Complainant's first year's business, in 1907 and

1908, was mostly in *New York*, New England and the South, (R., p. 136).

Complainant's business the second year, from October, 1908 to 1909, increased to between one hundred and fifty to one hundred and seventy-five thousand dollars, (Record, p. 137), while from October, 1909, to October, 1910, complainant's business increased a quarter of a million dollars a year, (R., p. 146).

Complainant gave notice to the public that its trade-mark was registered, in compliance with the statute, (R., p. 105).

Complainant advertised largely in the New York street cars (R., top of page 133), and other media, (R., p. 105):

"We have employed salesmen who have sold our goods put up and labeled in this manner. We have distributed to the trade all kinds of advertising matter, such as show signs, placards, window cards, on which this same design appears. We have issued circular letters, etc., on which this design appears on the stationery on which they are written, and we have distributed match booklets on the front of which this same design appears. We have advertised in the street cars, placing cards therein on which this design was very prominent. In other words, we have used every means possible to advertise and exploit our goods and in all cases have made this trade-mark design of ours conspicuous, so as to impress upon the public and dealers that this design designates and distinguishes our hosiery."

There are numerous instances of sales being ef-

feeted by complainant's very attractive label, (R., pp. 117 and 118):

"The polygonal figure that we use as our trade-mark and he is impressed with this. The picture of this is in his mind, and when he goes somewhere to make a purchase he necessarily cannot go into details describing this polygonal design. He simply tries to remember a word that he saw and then he uses that simply to distinguish the hosiery or if he can't remember the words he does identify our goods, if they are in view at all, by the label which is conspicuous. He frequently will simply point to the box and say, 'I will have some of that hosiery,' because he remembers that design.

XQ. 143. But you do not sell at retail, so you cannot speak of your own personal knowledge of it?

A. I can speak of my personal knowledge because I have gone on the road a great deal and have spent a good deal of time in the stores of my customers and I have watched people come in and point to the stock where they were carrying this hosiery of ours and say, 'Let me have a pair of that hosiery,' and it was quite evident that they recognized it by the very attractive label which is always showing."

At the time Mr. Keefe testified, the complainant had thirty accounts in New York City, (R., p. 97), in addition to accounts at various large department stores in New York, Brooklyn and Long Island, (R., p. 85), which seems to effectively dispose of defendants' contention that there was no competition between the parties in New York City and vicinity.



Notaseme
TRADE MARK

Complainant's
Label

REG. U. S. PAT. OFFICE

Orontex

Defendant's
Label

DEFENDANTS' ENJOINED LABEL.

The defendants-petitioners, R. H. Macy & Co., are rival manufacturers and sellers of hosiery in New York City, who appear to have been engaged for many years in the buying and selling of hosiery under marks and indicia of their own.

In the spring of the year 1908, after complainant's very attractive label and package had been on the market for the preceding six months, defendants for some reason adopted for their hosiery a practical duplicate of complainant's trade-mark and label.

Defendants' label consisted of a rectangular figure having upper and lower triangular panels in red, divided by a diagonal black bar, having thereon the word "Irontex" in white script. The plate facing this page portrays the aggravating and unnecessary situation created by defendants' wanton acts better than any words or argument of counsel. Notwithstanding the defendants are in New York and there are many photolithographers and engravers located in New York, defendants for some reason elected to purchase their label in Philadelphia *from the same concern that had designed and furnished the complainant's label.*

There was no reason in the spring of the year 1908, why the defendants should not continue the manufacture and sale of their line of hosiery, but there was every reason why in so doing, they should avoid copying and simulating the trade-marks and labels of the complainant.

Defendants placed their enjoined mark and label on the front of their hosiery boxes and within the

same, in substantially, if not identically, the same manner as complainant, and defendants' label, which is almost a Chinese duplicate of complainant's label on which ten thousand dollars were spent in advertising in New York City alone, in three years' time, was unquestionably the thing that caught the customer's eye, (R., top of page 118). Defendants' salesgirl says, (R., top of page 202) :

"A. We have a great many customers who don't pronounce the name of 'Irontex.'

XQ. 7. They sort of recognize the sock by the label?

A. Yes, by the label."

Another of defendants' salesgirls testified that she had noticed complainant's label advertised in the street cars, (R., middle of page 205), and she also said that defendants' customers recognized the color of the label on the end of the boxes, making a specific reference to Defendants' Exhibit E, (R., top of p. 205), which does not have even defendants' name thereon, but is almost a Chinese duplicate of complainant's label, on which ten thousand dollars were spent in advertising in New York City alone.

Confusion naturally immediately arose in the trade and the situation was reported to Mr. Newman in the latter part of the year 1908, (Record, middle of p. 106).

Mr. Keefe testified that complainant's sales had been interfered with by defendants' unfair methods, and stated that the defendants' display had been noticed by several people, and that persons whom he knew had told him that they purchased defendants' stockings under the impression that they were complainant's "Notaseme" stockings. Others also told Mr. Keefe that they believed they were buying the

stockings manufactured by the complainant company which he represented (R., p. 84).

A specific instance of defendants' palming off their goods for complainant's "Notaseme" hosiery appears on pages 153 and 154 of the Record, the occurrence taking place in the spring of 1910.

COMPLAINANT'S NOTICE TO DEFENDANTS.

In the year 1909, the situation became intolerable and complainant was compelled to call defendants' attention to the similarity of their labels and symbols and manner of dressing their goods, calling attention also to its trade-mark No. 73,597, registered May 4th, 1909. (Record, p. 107.) Three letters were written by complainant to defendants on November 29th, December 2nd and December 11th, 1909, in answer to which defendants defiantly asserted that their label and symbol were not an infringement of complainant's trade-mark.

Defendants stated their position in the body of their letter of December 1st, 1909, (Record, pp. 159 and 160), wherein, speaking of the infringing label, they say:

"The only similarity that would seem apparent, between your label and ours, is that we use the same combination of colors, i. e.,—red and black. We hardly think that the rights which the registration of your trade-mark accord you, are so broad, as to prevent anyone from using a label in which a similar combination of colors are used."

Complainant being desirous of settling the matter without recourse to legal proceedings, notwith-

standing the arrogant attitude of the powerful and wealthy defendants, made a still further effort amiably to adjust the matter by sending its counsel to New York to consult with defendants' counsel. As, however, no satisfaction or recognition of complainant's trade-mark rights could be obtained from the defiant defendants, the bill was filed in August, of 1910. (Record, p. 107.)

The first decision of the Court of Appeals, (Record, p. 1), the opinion of Judge Lacombe modifying and confirming the Special Master's report (Record, p. 40), and the second or final opinion of the Court of Appeals affirming Judge Lacombe and awarding complainant \$9,839.73, (Rec., p. 60), are self-explanatory.

FACTS AS FOUND BY THE COURT OF APPEALS.

In the opinion filed on the first appeal, the Court of Appeals said, (Record, p. 2) :

"The testimony shows that the complainant's label came into use some six months before that of the defendants. It also shows that the engraving company which prepared the complainant's label designed that of the defendants. The inference is strong that the latter was actually copied from the former and this inference is supported by comparing them. Each label is a rectangular design having a diagonal black band with white script writing and triangular red panels. There is nothing to show that the defendants themselves knew at first of any similarity in the labels, but they were notified afterwards and continued the use.

“In our opinion, the evidence is insufficient to show actual deception. *Such proof, however, is not necessary.* The question is whether the natural and probable result of the use by the defendants of its label will be the deception of the ordinary conditions—whether there is a degree of similarity calculated to deceive. And we think there is such similarity. *It seems clear to us that the general impression made by the defendants’ label upon the eye of the casual purchaser would be likely to result in his confounding the defendants’ goods with those of the complainant.*”

In Judge Lacombe’s opinion, modifying and confirming the report of the Special Master, *inter alia*, he said, (Record, pp. 40 to 42) :

“mere inspection of the two labels with their panels and contrasting colors showed quite satisfactorily that the designer of the later label tried to make it so nearly like the earlier one that it would be likely to deceive purchasers. *So close a copy of an earlier design is not often seen; manifestly it was not accidentally produced, it was devised with some intelligent purpose, and there is no evidence which would warrant the conclusion that such purpose was other than that which the Court of Appeals has found, viz.: an attempt to compete unfairly with the owner of the earlier label.* (Record, pp. 40 and 41.) * * * * There has been a carefully planned and deliberate attempt to simulate successfully the dress or earmarks of another’s goods.

“That constitutes a *fraudulent intent* and when there is such a plain intent, the authori-

ties, as I understand them, allow complainant to recover profits, as he would in an ordinary registered trade-mark case. * * * * During the period when they sold their goods in ignorance of the fact that the label they were using designedly simulated that of complainant, it cannot be held that they had any fraudulent or unfair intent; and intent is essential in cases of unfair competition. By the latter part of 1909, however, they were advised of the situation and learned of complainant's label. *The fact that thereafter, instead of discontinuing the use of the simulating label, they continued to sell their own goods under it, sufficiently shows that at that time they deliberately, intelligently and knowingly decided to enter into unfair competition with the complainant. For the consequences of that decision, they should respond, allowing a brief period for them to advise themselves as to the facts and to change the design of their own label January 1, 1910, may be taken as the date from which they should account for profits. So much of the profits as accrued prior to that date should be disallowed.*

"I see no reason why the profits for the period between original decision in District Court and its reversal should also be eliminated. Appeal was promptly taken and defendants took their chance of the result.

"With the modification above indicated of the Master's finding as to the amount of the profits, his report is confirmed." (R., pp. 41 and 42.)

In its second and last opinion, the Court of Ap-

peals, (Record, p. 60), in affirming Judge Lacombe's opinion, *supra*, said:

"The complainant, a corporation of the State of Pennsylvania, filed its bill against the defendants, citizens of the State of New York, residing in the Southern District thereof, for infringement of its trade-mark and for unfair competition. The District Judge dismissed the bill and upon appeal this Court held that the labels were so alike that it was obvious confusion of goods must result. We sustained the charge of unfair competition, 201 Fed. Rep. 99. Accordingly, the decree was reversed and the District Court directed to enter a decree in favor of the complainant with the usual injunction and accounting against the defendants.

"It appears that the complainant's and defendants' labels were both designed by the same person and that the defendants, though they put their goods on the market in March, 1908, were wholly unaware of the complainant's label until December 1, 1909.

"The Master awarded to the complainant the profits made on sales of this infringing hosiery from July 30, 1908, to February 1, 1913, amounting to \$15,411.29. Upon exceptions to his report Judge Lacombe struck out profits down to January 1, 1910, *from which time he held the defendants guilty of a deliberate intention to enter into unfair competition because they continued to use their label after they have been advised of the complainant's and had ample time to change it.* This reduced the decree to \$9,839.73. The defendants appeal on the ground that profits in case of unfair competition are recoverable

only when there is *intentional fraud*. Assuming this to be so, we are, in view of our previous decision, compelled to find that there was *fraudulent intent*. The decree is affirmed."

So that on the subject of the defendants' liability and their wilful, intentional fraud, persisted in *after notice*, we have the finding of the Master and the concurring opinions of six Circuit Judges sitting in the Court of Appeals on successive appeals.

The Court of Appeals in affirming Judge Lacombe, directed the accounting to begin one month following the receipt of notice by defendants, to wit, January 1, 1910, although both tribunals found that defendants had used plaintiff's trade-mark, labels, symbols, and other trade indicia illegally for a period prior thereto in disregard of repeated notices from plaintiff; so that the judgment is not for the full amount to which plaintiff is justly entitled, but for wilful and persistent disregard of its rights *after notice*.

With respect to a similar situation, the Supreme Court of Massachusetts in *Regis vs. Jaynes & Co.*, 191 Mass. 245, 249, said of the defendants:

"They chose, after full notice and warnings, to persist in violating the plaintiff's rights. If the facts as they were afterwards proved could have been made manifest to the Court when the bill was filed, an injunction must have issued then. It does not lie in the defendants' mouths to say that conduct on their part which afterwards was proved to have been wrongful, and as to which they had either full knowledge, or the means of obtaining full knowledge of the facts, was either lawful or innocent."

NOTWITHSTANDING THE COURT OF APPEALS ADJUDGED ON DECEMBER 9TH, 1912, DEFENDANTS TO BE UNFAIR TRADERS, THEY CONTINUED THEIR INFRINGEMENT AND UNFAIR COMPETITION BY SELLING HOSIERY WITH THE SPURIOUS AND FRAUDULENT LABELS THEREON FROM DECEMBER 9TH, 1912, TO FEBRUARY 1ST, 1913.

Even after the decision of the Court of Appeals was filed on December 9th, 1912, defendants continued to mark their hosiery in flagrant disregard of the decision, and continued palming off and unloading upon the public hosiery coupled with the spurious and fraudulent labels embodying the trade-mark and property of complainant, from December 9th, 1912, up to February 1st, 1913, the sales for the six months previous to February 1st, 1913, showing a gross profit of \$27,733.05 and a net profit of \$6,988.03, (Record, p: 25).

ARGUMENT.

Throughout their brief, defendants-petitioners ignore the fundamental legal principles which controlled the first decision of the Court of Appeals, (Record, p. 1), the opinion of Judge Lacombe, (Record, p. 40), and the second decision of the Court of Appeals, affirming Judge Lacombe, (Record, p. 60).

Defendants' contentions as to the likelihood of confusion are along the usual line of argument set up by copyists and infringers in every trade-mark and unfair competition case. Their contention that there is no similarity or liability of confusion between the rival labels is refuted by mere comparison. The record abundantly shows that deception and confusion have arisen from defendants' wanton acts.

The simple and fundamental principles upon which the decisions, *supra*, in this case have been founded, can be briefly stated.

No one may dress up his goods or label them in a way calculated to confuse them with, and enable them to be palmed off for, the goods of another.

No one may adopt and use a label so similar to that of a competitor that such use is liable to lead to confusion by persons exercising the ordinary degree of caution which purchasers are in the habit of exercising with respect to such goods.

It is sufficient if the proofs show that the actual and probable result of the use of defendants' label will be to deceive the ordinary purchaser making purchases in the ordinary way.

The test is not whether when goods are placed side by side, a difference can be recognized in the labels or marks; but the test is when such goods are *not*

placed side by side, would an ordinarily prudent purchaser be liable to purchase the one, believing that he was purchasing the other? (*McDonald, et al., vs. Mueller Mfg. Co.*, 183 Fed. 972.)

Where the *similarities* of the respective trademarks, trade-names, fanciful symbols, labels or other insignia preponderate the *differences* and are such as may deceive ultimate customers into buying the wares of the defendant, under the impression that they are buying those of the complainant, specific proof of actual deception under such circumstances is not necessary.

Where the strong *resemblances* in the rival packages (which could easily have been altered had there been an honest effort to give defendants' goods a distinctive dress), preponderate the *differences*, there is a presumption in favor of a complainant.

After the receipt of notice from complainant in December, 1909, defendants well knew that the presence of the similar labels, symbols and other indicia on their hosiery packages made confusion easy, and that the results of any confusion would be entirely in defendants' favor.

In *Von Mumm vs. Frash*, 56 Fed. 830, which involved unfair competition in the sale of champagne, an article considerably more expensive than hosiery, at the bottom of page 837, said Judge Benedict:

"In a case like the present, it would be too much to require the complainant to prove instances of such deception. It is not likely that the knave who perpetrated the fraud upon the ultimate consumer will disclose himself to the complainants; and the ultimate consumer, if cognizant of the fraud practiced upon him, could not, unless by mere accident, be known to the defendants. Such testimony is unneces-

sary, where, as here, the proofs warrant the conclusion that the only reason for the dress adopted by the defendants for their product is that it can be successfully used to defraud the ultimate consumer. Moreover, it is not to be disputed, that danger of injury to the complainants is created by the defendant's method of dressing up their article, and the danger of injury is sufficient ground for the interposition of a court of equity."

In the syllabus of the above case the Court said:

"Where the proofs warrant the conclusion that the only reason why defendants dress up their article in the manner employed by them is because it can be successfully used to defraud the ultimate consumer, *it is unnecessary to prove that any particular person has been in fact so defrauded.*

"In determining whether a trade-mark is infringed, the Court may base its conclusions upon a comparison of the devices used by plaintiff and defendant, and *does not necessarily require the testimony of witnesses as to the likeness.*"

In the instant case, the finding of the Court of Appeals in its first opinion, (R., p. 1), that proof of a multiplicity of instances of deception was unnecessary, was an admonition to complainant not to encumber its record with testimony upon this point.

There is no class of litigation wherein litigants impose to such an extent upon the patience of the Court as in trade-mark and unfair competition cases, by taking reams of testimony to prove instances of confusion and deception, where the Court, as here, can

see with its own eyes what the actual and probable result of the defendants' acts will be. In this case, we submit that it would have been almost a reflection upon the intelligence of the Court to have undertaken to take much testimony of this character. Mr. Newman, however, (see middle of page 106 of the Record), mentions two instances of confusion which occurred in the latter part of the year 1908 and in the spring of 1909, and the Keefe letter of July 19th, 1910, (Record, p. 158), enumerates a third instance when defendants actually sold their "Irontex" hosiery as and for the complainant's "Notaseme" hosiery.

Men are judged by their acts, and the acts of these defendants in stubbornly and defiantly continuing their unfair business methods *after notice*, estops them from now contending that their unlawful and illegal methods in their hosiery department, as to which they had either full knowledge, or means of obtaining full knowledge, were either lawful or innocent.

THE DECREE.

The suit being in equity, the complainant under the decree, is entitled to the whole of the profits made by the illegal sale of the unlawful packages.

The sixth paragraph of the decree, (R., p. 5), adjudged the defendants to be engaged in "*an unfair and inequitable competition which equity will restrain.*"

For the purposes of the accounting which followed the reference under the decree, this case is in every way the same as though the defendants had produced and sold exact copies of complainant's article. We

are entitled to recover the profits made by the use of the plaintiff's property under the familiar rule:

"That the infringer shall be converted into a trustee as to those profits." (*Burdell vs. Denig*, 92 U. S. 716).

Under the established rules governing this case, complainant is entitled to all defendants' profits whatever they may be which have resulted from the sale of the piratical article and if, on the evidence, there is any uncertainty, the doubt must be resolved against the wrongdoer.

Defendants' proposition seems to be that they cannot be held to have intended to do what they did; but that the duty is imposed upon complainant of laying bare defendants' inner motives and tracing each package sold by them, of proving the circumstances connected with the sale and delivery into the hands of each ultimate purchaser, of almost a million pairs of defendants' hosiery sold in the fraudulent packages and under the piratical labels, and then, after they have been traced to their destinations, of taking several thousand depositions in an effort to show that each one of defendants' half to three-quarters of a million ultimate purchasers had been deceived and misled into buying defendants' hosiery as and for complainant's.

This unprecedented proposition must be based on the theory that unlawful simulation of complainant's package may be practiced with impunity.

The defendants virtually say:

"We have imitated your goods, we have produced a package calculated to mislead the public and have succeeded in our inequitable purpose. But the decree is a piece of judicial pleasantries because it imposes upon you the

duty of performing the impossible task of bringing to light our inner motives and proving deception in connection with the sale of every one of the thousands of packages which we have put out."

Defendants' contention is prohibitory, antagonistic to and destructive of every right and every sense of justice. If adopted, it overrules every decision in cases of this character, makes the recovery of profits impossible and limits the recovery in such cases to the barren satisfaction of an injunction.

Defendants' entire argument is predicated upon the proposition that their package is in the abstract an innocent package. The finding of the decree is that defendants' package is *malum in se*.

The decree adjudges complainant to be entitled to an injunction and an account, (R., pp. 6, 7 and 8). The injunction was effectual in that it laid hold of the fraudulent package. The decree completes the remedy by providing that there shall be an account as to the gains, profits and advantages diverted by the use of the fraudulent package, labels, symbols and other trade indicia, adjudged to be complainant's exclusive property, which is the subject of the injunction. The general rule is that where there is an injunction, there will be an account.

The rule is thus stated in *Daniel's Ch. Practice*:

"The object of the Court's interference in granting an injunction to stay this kind of waste is not by way of satisfying a damage, but in order to prevent a wrong; and, therefore, a person cannot come into equity merely for an account, unless where the waste is of that nature that the plaintiff has no remedy at law. The account depends entirely upon the

injunction; it is incidental to and consequential upon it; and if a person is entitled to the one, he is entitled to the other also, on the principle of preventing a multiplicity of suits; for otherwise he would be obliged to bring his action at law as well as bill in equity; his action by way of satisfaction, his bill by way of prevention." (*Danl. Ch. Pr.*, 6th Am. Ed., p. 1634.)

This general rule is obviously to be applied in connection with the infringement of rights relating to marks of origin:

"The remedy in equity for a violation of trade-mark property is not only effectual, as operating to restrain by injunction, the continuance of the wrong, but jurisdiction being once assumed, to this end it will be exercised to make the remedy complete and to avoid a multiplicity of suits, by a final decree of pecuniary indemnity, the amount of which it will determine, if need be, by ordering a discovery of the evidence in the defendants' possession contained in books of account, or otherwise, by compelling the rendition of a full and true account by the defendant of all the sales of the merchandise made by him marked with the trade-mark of the plaintiff, or a colorable imitation thereof; or by reference to a master or other person on the application of the plaintiff to ascertain and report the amount of the damages." (*Upton's Trade-Marks*, 233, 234.)

It is to no purpose in this case, at this stage, further to discuss the defendants' intentions and conduct.

The sixth paragraph of the decree adjudges their acts to have been:

“an invasion of the rights of the complainant, and an unfair and inequitable competition, which equity will restrain.” (Record, p. 5).

It is even less to the purpose to discuss whether or not these defendants by reason of their alleged innocence should be allowed to retain the profits which, by their unlawful competition, they have taken from the complainant's pocket. The decree finally determines not only that their competition was unlawful but that there should be an accounting. The complainant is, therefore, entitled to the entire profits on the articles sold under the spurious labels, without regard to any question as to how far the false tokens have been made to be of value for evil.

“One who *deliberately and knowingly* uses another's trade-mark, commits a palpable and unmitigated fraud, for which there is no possible excuse.” (*Benkert vs. Feder, et al.*, 34 Fed. 535.)

GENERAL RULE AS TO AN ACCOUNTING IN EQUITY.

A bill in equity will not lie to recover damages for the infringement of a patent or trade-mark, because it is a tort for which an adequate remedy is given at law. But where a court of equity takes jurisdiction to prevent a continuance of the wrong by injunction, the Court

“in order to avoid multiplicity of suits and do complete justice, assumes jurisdiction to award compensation for the past injury, not,

however, by assessing damages which is the peculiar office of a jury, but requiring an account of profits, on the ground that if any had been made, it was equitable to require the wrongdoer to refund them, as it would be inequitable that he should make a profit out of his own wrong."

Root vs. Railway Company, 105 U. S. 189, 207.

At page 214 Mr. Justice Matthews refers to expressions in earlier opinions from which it might be inferred

"that the infringer of a patent right is, by construction of law, a trustee of the profits derived from his wrong, for the patentee, and that a court of equity in the exercise of its acknowledged jurisdiction over trusts and trustees, will require him to account as trustee, without reference to any other relief."

and says:

"All that was meant in the opinions referred to was to declare according to what rule of computation and measurement the compensation of a complainant would be ascertained in a court of equity, which, having acquired jurisdiction upon some equitable grounds to grant relief, would retain the cause for the sake of administering an entire remedy and complete justice, rather than send him to a court of law for redress in a second action. The rule adopted was that which the Court in fact applies in cases of trustees who have committed breaches of trust by an unlawful use of the trust property for their own advan-

tage; that is, to require them to refund the amount of profit which they have actually realized. This rule was adopted, not for the purpose of acquiring jurisdiction, but, in cases where, having jurisdiction to grant equitable relief, the court was not permitted by the principles and practice in equity to award damages in the sense in which the law gives them, but a substitute for damages, at the election of the complainant, for the purpose of preventing multiplicity of suits."

In *Tilghman vs. Proctor*, 125 U. S. 136, 148, referring to the foregoing decision, said Mr. Justice Gray:

"The general rule has been sometimes said to be based upon the theory that the infringer is converted into a trustee for the owner of the patent, as regards the profits made by the use of his invention. But, as has been recently declared by this Court, upon an elaborate review of the cases in this country and in England, it is more strictly accurate to say, that a court of equity, which has acquired, upon some equitable ground, jurisdiction of a suit for infringement of a patent, will not send the plaintiff to a court of law to recover damages, but will itself administer full relief, by awarding, as an equivalent or a substitute for legal damages, a compensation computed and measured by the same rule that courts of equity apply to the case of a trustee who has wrongfully used the trust property for his own advantage. *Root vs. Railway Co.*, 105 U. S. 189, 214, 215."

The rule is well established that a defendant cannot escape liability where, by his acts, his accounts have become so confused that lawful and unlawful profits cannot be distinguished from each other, and is thus stated in Story's Equity Jurisprudence:

"As an agent is bound to keep the property of his principal distinct from his own; if he mixed it up with his own, the whole will be taken at law and in equity to be the property of the principal, until the agent put the subject-matter under such circumstances that it may be distinguished as satisfactorily as it might have been before the unauthorized mixture on his part. In other words, the agent is put to the necessity of showing clearly what part of the property is his; and so far as he is unable to do this, it is treated as the property of the principal."

The broad principles announced in these cases refute the conclusion sought to be drawn by defendants from their erroneous premises that there is no analogy between patent, trade-mark and copyright cases and cases of unfair competition. All are torts for which an action at law for damages ordinarily affords an adequate remedy, but when a court of equity assumes jurisdiction to prevent a continuance of the wrong by injunction, it retains the cause to award compensation for the past injury, not by assessing damages, but

"by requiring an account of profits, on the ground that it was equitable to require the wrongdoer to refund them, as it would be inequitable to permit him to make a profit out of his own wrong."

What difference does it make in respect to the nature of the wrong, or the remedy and measure of recovery, by what device the defendant palms off his goods as and for those of the plaintiff?

AS TO THE ACCOUNTING UNDER THE ISSUE OF TRADE-MARK INFRINGEMENT.

As we have heretofore endeavored to make clear, complainant's trade-mark is unquestionably valid. It was not registered upon or for a color, as they mistakenly and erroneously say on pages 41 and 42 of their brief. Our trade-mark consists of a fanciful rectangular device indicative of origin. In the language of the registration, the symbol is "the trade-mark shown in the accompanying drawing the upper and lower panels being printed in red" (Record, bottom of p. 239).

The trade-mark drawing portrays a rectangle having a diagonal bar, traversing it, with upper and lower triangular panels to be printed in a vivid red. In its particular application to hosiery of complainant's manufacture, our trade-mark is manifestly as well known to complainant's agents, customers and the general public, who have come to know this emblem because of its extensive advertising, as the red-ended carton of the National Biscuit Co's. "Uneeda" biscuits, the name of "Ford" on the familiar automobile of that make, or the fox terrier hearing its "Master's Voice" on the Victor talking machine advertisement. Complainant's trade-mark was even known to the defendants' salesgirl, Miss Kessel, (Record, p. 205):

"Q. 3. Have you ever seen the Notaseme label?

A. I have seen them in the street cars, I think, advertised."

and it must also have been known to defendants' agent, Mr. Bradford, manager of their hosiery department, (R., p. 214), as he purchased hosiery of complainant in the spring of the year 1908, (R., pp. 220 and 225).

Complainant's labels and trade-marks were further well known to defendants' agent, Mr. Cowlishaw, who apparently wrote the letter of December 1st, 1909, in behalf of defendants (Record, pp. 159 and 160) and who even *after notice* refused to desist from the infringement.

Our trade-mark being valid is unquestionably infringed. Not even the defendants have had the hardihood to deny infringement, and the third and fourth paragraphs of the decree (Record, pp. 4 and 5) adjudge us to be the exclusive owners of the property right, comprising the rectangular figure with the diagonal black band, the upper and lower triangular panels being colored red and the diagonal black band having white script thereon.

With an effrontery unequalled in any case of which we have knowledge, this property right has been appropriated by defendants, its use persisted in by them *after notice* with "*fraudulent intent*" (as was twice found by the Court of Appeals) and an admitted illegal profit made therefrom of over fifteen thousand dollars (Record, p. 25), see Master's report (Record, p. 31).

The decisions are uniform that in such a trade-mark case as this, where a property right, a monopoly created by statute is invaded, a complainant is entitled to all defendants' profits, however made, from the illegal use of the spurious mark, and in case of any uncertainty, all doubts will be resolved against the infringer.

The statute having granted an exclusive right of property or a monopoly and having further prescribed a penalty for the invasion thereof, which includes an express provision for the recovery of defendants' profits and damages, complainant has under said statute a field exclusively given to it as the grantee of the monopoly. Hence complainant's exclusive rights to purchase and use have been invaded by these defendants and under this branch of the case, to support the action, it is unnecessary to establish either fraud or actual damage, or to even show a wrongful intent.

Dauids vs. Dauids, 233 U. S. 461.

AUTHORITIES.

In *Edelsten vs. Edlesten*, 1 DeGex, J. & S. 185 (1863), the plaintiff adopted an anchor as a trade-mark and his wire was known as "Anchor Wire." The defendant with knowledge of plaintiff's right adopted a crown and anchor and called his product "Crown and Anchor Wire." The case involved a technical trade-mark and was argued by distinguished counsel, including for the defendant, Sir Hugh Cairns, who had been solicitor general and was later attorney general and Lord Chancellor, and was decided by Vice-Chancellor, Sir William Page Wood, who became Lord Chancellor Hatherly in 1868, and by Lord Chancellor Lord Westbury. There was an injunction and an account of profits.

The Lord Chancellor disposed, as follows (p. 200), of two claims that are argued at bar:

"Neither will the plaintiff be deprived of remedy in equity, even if it be shown by the defendant that all the persons who bought

from him goods bearing the plaintiff's trade-mark were well aware that they were not of the plaintiff's manufacture. *If the goods were so supplied by the defendants for the purpose of being sold again in the market, the injury to the plaintiff is sufficient.*

"Again, it is not necessary for relief in equity, that proof should be given of persons having been actually deceived, and having bought goods with the defendant's mark under the belief that they were of the manufacture of the plaintiff, *provided the Court be satisfied that the resemblance is such as would be likely to cause the one mark to be mistaken for the other.*

"I advert to these general rules because they meet some portions of the argument addressed to me by defendants."

The defendant urged that the account of profits directed by the Vice-Chancellor was "too severe," but the Lord Chancellor adverted to the fact that the infringement was *with knowledge of the plaintiff's right* (p. 199) and held (p. 203) that the decree was "on terms as lenient as can be directed consistently with the principles of the Court."

Lever vs. Goodwin, L. R. 36 Ch. D. 1 (1887).

This case involved the use of words which the Court held "did not constitute a good trade-mark," because they were descriptive. But the same rules were applied as in *Edelsten vs. Edelsten, supra*. The plaintiffs called their soap "Sunlight Selfwasher," or "Sunlight Self-washing." The defendants called theirs "Goodwin's Self-washing Soap" and put it up in packets that "were very familiar in general

appearance to those of the plaintiffs, though there was no difficulty in distinguishing one from the other if they were put side by side" (p. 2). Mr. Justice Chitty gave an injunction and an account of profits, and his decree was unanimously affirmed by the Court of Appeals, composed of Lords Justices, Lindley, Cotton and Bowen.

On the subject of the account (p. 7), said Lord Justice Cotton:

"Mr. Chadwyck Healey contended that the only profit which the plaintiff could call for was that profit which arose from the sale of this soap where the ultimate purchaser bought it, not as the defendants', but as the plaintiffs' soap. But, in my opinion, *that is mistaking the whole gist of this action*. The defendants, as I understand, do not sell anything to retail purchasers; what they sell they sell to *middlemen*, that is to say, to people who purchase from them as wholesale merchants, and who are going to sell it by retail and the complaint against the defendants is this: 'You have dressed up your soap in such a dress that those middlemen to whom you sell it are enabled, by its having that deceptive dress upon it, to sell it to the ultimate purchasers as the soap of the plaintiffs.' The profit for which the defendants must account is the profit which they have made by the sale of soap in that fraudulent dress to the middlemen. It is immaterial how the middlemen deal with it. If they find it for their benefit not to use it fraudulently, but to sell the soap to the purchasers from them as Goodwin's, that cannot effect the question whether the sale by the defendants to those middlemen of this soap in a

fraudulent dress was a wrongful act. It still remains a wrongful act, because it put into the hands of the middlemen the means of committing a fraud on the plaintiffs by selling the soap of the defendants as the soap of the plaintiffs. In my opinion, therefore, the account of profits is right as it stands."

Sawyer vs. Kellogg, 9 Fed. 602.

In this case, on the subject of the accounting, the Court said:

"Having been adjudged an infringer of the trade-mark of the complainant, an injunction has been issued against him. Under the above state of facts, should he be compelled to account for profits and damages? We have no doubt about the propriety of the reference or of the liability of the defendant, if it can be shown on the accounting that profits were made by his work and labor, or that damages resulted to the complainant therefrom. If he did not sell, the profits on the sales are not chargeable to him; but if any profits came to him for preparing the article for those who did sell, they belong to the complainant, and the object of the accounting is to ascertain that fact. And if the defendant has damaged the complainant by the unlawful use of his trade-mark, the nature and extent of the damage is a proper subject of inquiry."

Milling Co. vs. Rowland, 27 Fed. 243.

In this case the word "Champion" as a trade-mark for flour was involved and upon the subject of the accounting and the recovery of defendants' profits said Judge Wheeler on page 25:

"It is argued that the evidence does not show that the orator would have made this profit if the defendants had not. This might be true, and not affect the rights of the parties. If the defendants made profits by their invasion of the orator's rights, the orator is entitled to them whether the same profits would have been made by the orator or not, and not to any more if they would, for the same profits could not be made by both."

Benkert vs. Feder, 34 Fed. 535.

In this case said Judge Sawyer, in discussing the item of damages and profits:

"The defendants insist that the measure of damages as profits should be limited to the difference in price for which the goods would sell with the trade-mark upon them and the price for which the same goods would sell without it. I am unable to adopt any such rule. It would be exceedingly indefinite, and equivalent to giving no damages or profits at all. How would it be possible for anyone to say how much less a pair of boots or shoes would sell without than with the trade-mark upon it? There would be no definite measure of compensation for the injury. One who deliberately and knowingly uses another's trade-mark commits a palpable and unmitigated fraud, for which there is no possible excuse. He seeks to avail himself of the good reputation of another's goods, and puts his own goods usually, if not always, of an inferior quality—upon the market, thereby not only fraudulently cutting off the market from the party who has by years of labor, and at great

expense, established a reputation for his wares, but in addition to this injury, destroys or injures largely that reputation which is the foundation of the owner's business, by selling inferior goods under his trade-mark, thereby leading the world to believe that the inferior goods are his.

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"The infringer fraudulently attaching another man's property to his own occasions only a confusion of property with a view of taking advantage of that other's property. The trade-mark sells the whole article, however inferior or injurious in that particular, and prevents the sale of the owner's goods of equal amount. At least that is the fraudulent purpose and the natural tendency, whether always accomplished or not; and the injured party should have at least the whole profit resulting from the wrongful act, and such I understand and hold the rule to be. The damage may be much more arising from destroying the reputation of the owner's goods."

Graham vs. Plate, 40 Cal. 593.

In this case the Court stated the rule as follows:

"No one will deny that on every principle of reason and justice, the owner of the trade-mark is entitled to so much of the profit, as resulted from the use of the trade-mark. The difficulty lies in ascertaining what proportion of the profit is due to the trade-mark, and as this cannot be ascertained with any reasonable certainty, it is more consonant with reason and justice that the owner of the trade-mark should have the whole profit than that he

should be deprived of any part of it by the fraudulent act of the defendant."

And again:

"Every consideration of reason, justice and sound policy demands that one who fraudulently uses the trade-mark of another should not be allowed to shield himself from liability for the profit he has made by the use of the trade-mark on the plea that it is impossible to determine how much of the profit is due to the trade-mark and how much to the intrinsic value of the commodity. The fact that it is impossible to apportion the profit renders it just that he should lose the whole."

Avery vs. Meikel, 85 Ky. 435, 448.

Herein said the Court:

"Every consideration of reason, justice and sound policy demands that one who fraudulently uses the trade-mark of another should not be allowed to shield himself from liability for the profit he has made by the use of the trade-mark, on the plea that it is impossible to determine how much of the profit is due to the trade-mark and how much to the intrinsic value of the commodity. The fact that it is impossible to apportion the profit, renders it just that he should lose the whole."

Shoe Co. vs. Shoe Co., 100 Me. 461 at 479.

"The rule which now prevails in the equity courts respecting the wrongdoer's accountability for the profits and damages resulting from his unlawful acts, requires the Master not only to take an account of all profits made

by the defendant, but also to make an inquiry in regard to all damages sustained by the plaintiff on account of the defendant's wrongful acts, and since it cannot be ascertained with any reasonable certainty how much of the profit is due to the trade-mark, and how much to the intrinsic value of the commodity, the whole will be awarded to the plaintiff. It is equally well settled that the profits recoverable in equity for unfair competition are governed by the same rule as in cases of infringement of trade-marks, and are not limited to such as accrue from sales, in which it is shown that the customer is actually deceived, but include all made on the goods sold in the simulated dress or package, and in violation of the rights of the original proprietor."

To the same effect are:

Regis vs. Jaynes, 191 Mass. 245;

Foster Mfg. Co. vs. Cutter-Tower Co., 211 Mass. 219;

Paul on Trade-Marks, Sec. 326 and cases cited.

Regis vs. Jaynes, 191 Mass. 245, 246.

In this case, said the Massachusetts Supreme Court:

"The general principle that one who has shown that he is entitled to the exclusive use of a trade-mark may, in equity, recover from an infringer against whom he obtains an injunction, the amount of the profits arising from the sale of goods upon which the trade-mark has been wrongfully used, is not denied by defendants, and is abundantly sustained by

authority. * * * * And the same rule is applied to cases of unfair competition merely, as well as to cases of the infringement of a trademark properly so-called."

Foster Mfg. Co. vs. Cutter-Tower Co., 97 N. E. 79.

In this case, decided by the Massachusetts Supreme Court, said Justice Braley, speaking of the invasion of the plaintiff's rights:

"This misappropriation having been an invasion of the plaintiff's exclusive right to the form, style and dress of the box or package in which its goods has been marketed, it is entitled to injunctive relief even if the defendant has acted innocently. But as the defendant must be presumed to have contemplated the probable effect of its purpose to acquire so far as possible the plaintiff's customers and trade, it is *liable for both actual damages and profits, if any, realized from the sale of tooth-picks in the imitation packages.* *Regis vs. Jaynes*, 191 Mass. 245, 77 N. E. 774; *Reading Stove Works vs. S. M. Howes Co.*, 201 Mass. 437, 441, 442, 76 N. E. 751, 21 L. R. A. (N. S.) 979." (All italics ours.)

AS TO THE ACCOUNTING UNDER THE ISSUE OF UNFAIR COMPETITION.

The familiar case of *McLean vs. Fleming*, 96 U. S. 245, decided in 1878, is generally regarded as the first case in which this Court made particular mention of the doctrine of unfair competition.

Under this doctrine, it seems to be clear that equity

intervenes in the protection from fraud of both the complainant, whose business is or may be injured by the unfair and fraudulent competition, and the public who are the consumers of his merchandise.

Defendants suggest that there is a distinction between a fraudulent competition carried on by means of a misleading trade-mark and one wherein the instrument is a misleading package. We submit that if there is a fraud, it is impossible to discover any distinction by which an infringer can escape responsibility. It is immaterial how the fraud is effected. It is the fraud and not the manner of it which calls for the interposition of the Court.

Broadly speaking, it is not exact to separate the doctrine of trade-mark infringement and unfair competition. The underlying doctrine is the same, the control of fraud, great or petty, however the fraudulent transaction has been carried on, by the intervention of equity. Trade-mark infringement is obviously but one form of unfair competition.

The first reported judicial reference to the law of unfair competition is said to be in *Blanchard vs. Hutt*, 2 Atk. 484, Sec. 2, decided in the year 1742, wherein Lord Hardwicke observed:

“It was not the single act of making use of the mark that was sufficient to maintain the action, but doing it with a fraudulent design, to put off bad cloths by this means, or to draw away business from the other clothier.”

In the opinion in *Reddaway vs. Banham*, L. R. (1896), Appeal Cases, 199-204, decided in 1896, Lord Chancellor Halsbury tersely expressed the fundamental maxim of unfair competition.

“For myself, I believe the principle of the law may be very plainly stated, and that is,

that nobody has any right to represent his goods as the goods of somebody else."

This rule has been long recognized by the English Courts and in various phraseology it will be found repeated by all the English Courts within whose jurisdiction trade-mark and analogous cases have come.

So that the doctrine was old when Mr. Justice Clifford said, writing for this Court in *McLean vs. Fleming*, *supra*:

"Nor is it necessary, in order to give a right to an injunction, that a specific trade-mark should be infringed; but it is sufficient that the Court is satisfied that there was an attempt on the part of the respondent to palm off his goods as the goods of the complainant."

• • • • •
"Positive proof of fraudulent intent is not required to give a right to an injunction where the proof of infringement is clear, nor is it necessary that a specific trade-mark should be infringed; it is sufficient that there was an intent by defendant to palm off his goods as these of complainant."

The law in relation to this subject was further discussed by this Court in the familiar subsequent cases such as *Goodyear vs. Goodyear*, 128 U. S. 598, and in *Lawrence Mfg. Co. vs. Tennessee Mfg. Co.*, 138 U. S. 537, so that at the present time, the controlling principles are so well established, that it is unnecessary to discuss them further.

In the syllabus, however, of the Tennessee case, Mr. Chief Justice Fuller stated the general rule ap-

plicable to this case, and following which the Court of Appeals announced its decision herein (R., pp. 1 and 60):

“Where defendant has been guilty of fraud on the public and on the plaintiff by using an important part of plaintiff’s label in such a way and under such circumstances as to amount to a false representation and thereby intentionally and fraudulently selling its goods as those of the plaintiff, without plaintiff’s consent or acquiescence, such conduct will in a proper case constitute ground for relief.”

It is true that in *McLean vs. Fleming* an accounting was refused because of acquiescence of long-standing and inexcusable laches in seeking redress, while in the Tennessee case, an accounting was refused because the brands were entirely dissimilar in appearance and the letters there at issue had been used to signify grade or quality and had been so used by different manufacturers, so that there was no proof justifying the inference of fraudulent intent. Here, the situation is quite different.

Tested by the foregoing rules, little time need be spent in the discussion of infringement under the issue of unfair competition.

Defendants having been found by the Court of Appeals in its first opinion (Record, p. 1), by Judge Lacombe (Record, p. 40), and by the Court of Appeals in its second opinion (Record, p. 60), to be guilty of “intentional fraud” and to have persisted in their illegal infringing acts, *after notice*, and to have made an admitted profit from their unfair competition of over nine thousand dollars (which is less than the amount complainant spent in advertising

in New York City alone), we submit there is little difficulty in deducing or applying the rule controlling the accounting phase of the case under unfair competition.

AUTHORITIES.

If, as the defendants contend, a dishonest purpose is an essential element of unlawful competition, then (as surely as the whole includes its parts), these defendants were actuated by a dishonest purpose, since, "after notice, they deliberately, intelligently and knowingly decided to enter into unfair competition with complainant" (Record, bottom of p. 41), and, furthermore, the decree finally determines that they "entered into an unlawful competition with the complainant" (p. 22).

Sharpless Co. vs. Lawrence, 213 Fed. 423.

This was a petition in mandamus in the Court of Appeals for the Third Circuit and in awarding the mandamus the Court of Appeals said in the middle of page 426:

"It is true, however, as contended by the plaintiffs below, that courts of equity, in granting injunctive relief in cases of unfair competition, have sometimes decreed that the plaintiffs should recover of defendant, not only damages, *but the profits, gains and advantages that have accrued to the defendant by reason of his unfair competition.* Such an enlargement of the scope of the decree is generally made on the ground that the unfair competition is adjudged to have been *wilful and fraudulent*, and the recovery of profits in such

cases is a punitive addition to the ordinary decree of compensatory damages.

And, further, near the top of page 428, the Court of Appeals said:

"If profits, as well as damages, were to be recovered, they should have been included in the decree, and as we have above indicated, *it was quite within the competency of the Court, upon finding wilful and fraudulent competition, to have so decreed.*"

**Saxlehner vs. Eisner & Mendelson Co., 179
U. S. 19.**

This case resembles the case at bar in that the wrong consisted in the misleading get-up of the defendant's packages, and this Court decided that the defendant should be held

"liable for such profits as it may have realized * * * by reason of the illegal use."
(P. 40.)

This case involved both a trade-mark and unfair competition, and the final report of the case will be found in *Sarlehner vs. Eisner & Mendelson Co.*, 138 Fed. 22. There, as here, was a fraudulent, intentional simulation which the defendant went into with its eyes open. The Court of Appeals for the Second Circuit held that in view of the deliberate and intentional fraud, *defendant's profits were the complainant's measure of damage*, which is the rule Judge Lacombe and the Court of Appeals applied to the instant case (R., pp. 40 and 60). Judge Coxe, writing for the Court said:

"The label adopted by the defendant has been denounced by the Courts as fraudulent

and devised for the express purpose of enabling the defendant to trade on the good-will established by the complainant. Had the defendant honestly intended to sell the bitter water imported by it on its merits, it would not have dressed up its goods in such a way that even the intelligent and wary customer might be deceived. * * * It started out to get a part of the complainant's profits and it succeeded, but we are familiar with no principle of law which will permit it to keep these profits. * * * The argument reduces itself to this: The defendant says: 'If I had been honest I could have sold at least a part of these goods, and as you have failed to show what that part is, you are entitled to recover nothing.' The answer is: 'You were not honest.' If authority be needed in support of complainant's contentions, it will be found in the decisions of the Supreme Court in this case, 179 U. S. 19, 21 Sup. Ct. 7, 45, L. Ed. 60" (138 Fed., middle of page 24).

Singer Manufacturing Co. vs. June, 163 U. S. 169.

In this familiar case, the Supreme Court, in an opinion by Mr. Justice White, ordered at the conclusion of the opinion as follows:

"And the decree so to be entered must also contain a direction for an accounting by the defendant as to *any profits* which may have been realized by it, because of wrongful acts by it committed."

In the case against *Bent*, 163 U. S. 207, the defendant was

“ordered to account *as to any profits* which may have been realized by him, because of the wrongful acts by him committed.”

Sawyer vs. Horn, 1 Fed. 24.

This is one of the earliest reported cases relating to packages, and in it said the Court:

“What we decide is that whether the complainant has a trade-mark or not, as he was the first to put up bluing for sale in the peculiarly shaped and labeled boxes adopted by him, and as his goods have become known to purchasers, and are bought as the goods of the complainant by reason of their peculiar shape, color and label, no person has the right to use the complainant’s form of package, color or label, or any imitation thereof, in such manner as to mislead purchasers into buying his goods for those of the complainant, whether they be better or worse in quality. And, finding from the exhibits and proofs in the cause, that the bluing put up by the respondent is not only well calculated so to mislead purchasers, but has actually done so, to the injury of the complainant, we are of opinion that respondent should be perpetually enjoined, and that he should account to the complainant for the damages sustained by him.”

Sartor vs. Schaden, 125 Iowa 696.

In this case, the Court pointed out that the case did not involve a technical trade-mark, but the use by defendant of the word “She,” which plaintiff had adopted as a trade-name for his cigars, and that “the case must turn primarily upon the doctrines applicable to that practically new branch of the law known

as 'unfair trade.' " At p. 700, Deemer, C. J., delivering the opinion, said:

"But aside from the law of trade-marks, Courts will protect trade-names or reputation, although not registered or properly selected as trade-marks, on the broad ground of enforcing justice and protecting one in the fruits of his toil. This is all bottomed on the principle of common business integrity, and proceeds on the theory that while the primary and common use of a word or phrase may not be exclusively appropriated, there may be a secondary meaning or construction which will belong to the person who has developed it. In this secondary meaning there may be a property right."

Avery vs. Meikle, 85 Ky. 435.

In this case the Court said:

"To require the appellants to show an actual fraudulent representation made by the appellees to those who purchased their plows would be impracticable and result in permitting the wrongdoer to appropriate property of another to his own use without rendering an account, as he would scarcely say to a purchaser, 'These plows I am selling were made by the Averys.' The law makes this representation for him when he has imitated the manufactured article he is selling so as to destroy the trade-mark and enable him to sell it as the product of another."

Foster Mfg. Co. vs. Cutter-Tower Co., 221 Mass. 219, 222.

In this case the Court said:

"The plaintiff upon these findings, while

claiming no rights of property in the brand name used by the jobber, had acquired a reputation and good-will in connection with, and as a part of its business, which generally is recognized as a property right, and will be protected against the unfair competition of rival manufacturers or dealers in similar products. *Geo. C. Fox Co. vs. Glynn*, 191 Mass. 344, 349; *Reading Stove Works vs. S. M. Howes Co.*, 201 Mass. 437, 438; *Draper vs. Skerrett*, 116 Fed. 206. It is wholly immaterial where this right has been invaded, that the retail or wholesale dealer who may be the immediate purchaser of goods put out in imitation is not misled as to their identity. *The wrong of unfair competition is present where goods are so dressed in form, or marked by decorative symbols, that the ultimate customer, when the goods are distributed for use in the ordinary course of trade, either is, or possibly may be, deceived. The liability to deception being the test, it also is not necessary to show that specific buyers have been actually deceived, or that the infringer did intend to deceive the public. He is bound to know the probable consequences where the means of such deception have been supplied by him. New England Aul Co. vs. Marlborough Co.*, 168 Mass. 154; *Reading Stove Works vs. S. M. Howes Co.*, 201 Mass. 437, 440, 441, and cases there cited."

"The defendant, for the purpose of acquiring the extensive trade of a jobber with whom the plaintiff did business, deliberately duplicated the plaintiff's box or packages in every particular, with the exception of the monogram, and thereafter these receptacles were

filled with toothpicks, in which the defendant, although not a manufacturer, very largely dealt, were widely distributed to consumers through dealers in the trade to whom it sold them. This misappropriation having been an invasion of the plaintiff's exclusive right to the form, style and dress of the box or package in which its goods had been marketed, it is entitled to injunctive relief even if the defendant had acted innocently. *But as the defendant must be presumed to have contemplated the probable effect of its purpose to acquire so far as possible the plaintiff's customers and trade, it is liable for both actual damages and profits, if any, realized from the sale of toothpicks in the imitation packages. Regis vs. Jaynes, 191 Mass. 245."*

Florence Mfg. Co. vs. Dowd, 189 Fed. 44.

In this case, said Judge Coxe, writing for the Court of Appeals:

"Where a decree finding unfair competition by defendant and granting an injunction is entered by a Circuit Court in accordance with a mandate of the Appellate Court, complainant is entitled to a reference on the question of profits or damages, unless it clearly appears that proof of such profits or damages is impossible."

Gulden vs. Chance, 182 Fed. 303.

This is a recent case confirming all that we have said as to a complainant's right to recover *all* profits in an unfair competition case, and was an unanimous opinion of the Circuit Court of Appeals for the Third Circuit. In reversing the decree below, said Judge Bradford writing for that court:

"The complainant is also entitled to recover from the defendants *all* profits and damages lost and sustained by him by reason of *all* sales by the defendants of Spanish olives bottled and labeled, as shown in Complainant's Exhibit No. 7, Complainant's Exhibit No. 8 and Complainant's Exhibit No. 9, or bottled and labeled in such a manner as to be substantially similar to the three last-named exhibits or any of them; and to an account therefor." (182 Fed., middle of page 320.)

Merriam Co. vs. Sallfield, 198 Fed. 369.

This was an unfair competition case in the Circuit Court of Appeals for the Sixth Circuit, wherein said Judge Dennison, writing for that court:

"Where the title was not qualified as the law and the decree required (if such cases appear), and it further appears, by direct proofs or by necessary inference, that it is impossible to determine whether this unlawful use was the inducing clause of the sale—in other words, when it appears that such title was one of the causes, and it is impossible to apportion between that and other causes, the credit for the sale—then (and if we are to adopt the analogy of the patent cases), there must be a presumption that the sale results from the unlawful use of the name. The defendant has confused the marking and dress, which he had a right to use, with those which, as against complainant, he has no right to use. The latter part is a material, if not the major part of the whole. If the history of the sale cannot be more definitely ascertained and followed, and so it is impossible to say which

part of the dress exercised the predominant influence, then under the principle of *Westinghouse Co. vs. Wagner Co.*, the defendant must respond. (198 Fed., pp. 376 and 377.)"

Regis vs. Jaynes, 191 Mass. 245, 246.

In this case, said the Massachusetts Supreme Court:

"The general principle that one who has shown that he is entitled to the exclusive use of a trade-mark may in equity recover from an infringer against whom he obtains an injunction the amount of the profits arising from the sale of goods upon which the trade-mark has been wrongfully used, is not denied by defendants, and is abundantly sustained by authority * * * . *And the same rule is applied to cases of unfair competition merely, as well as to cases of the infringement of a trade-mark properly so-called.*"

In *Paul on Trade-Marks*, page 566, Sec. 326, it is stated that:

"profits recoverable in equity for unfair competition are governed by the same rule as in cases for infringement of trade-marks, and are not limited to such as accrue from sales in which it is shown that the customer is actually deceived, but include *all* made on the goods sold in the simulated dress or package, and in violation of the rights of the original proprietor."

Williams vs. Mitchell, 106 Fed. 168.

In this case, the Court of Appeals for the Seventh Circuit said:

"Where a decree finds that defendants have been guilty of unfair competition, and by the imitation of complainant's advertisements have deceived purchasers and the public into believing that articles of their manufacture were made by complainant, the complainant, on proper proof, is entitled to recover compensation to the extent of the invasion of his rights."

Walter Baker and Co. vs. Slack, 130 Fed. 514.

In this case, the Court of Appeals for the Seventh Circuit said:

"Where a defendant has *deliberately* engaged in unfair trade, complainant is entitled to recover damages and *profits from the time the violation of his rights commenced.*"

Wolf Bros. and Co. vs. Hamilton-Brown Shoe Co., 206 Fed. 611.

Herein said Court of Appeals for the Eighth Circuit, at the bottom of page 618, in respect of the defendant there, in language which is most applicable to the enjoined defendants in the instant case:

"It makes use of its own prestige, its great resources and advertising facilities, with which to break down the trade of a smaller business competitor, and to confuse the public with which that competitor has already established a business reputation. Having accomplished its aim, which was to avail itself of the pioneer work of appellant, *it is willing*

to submit to an injunction and to nominal damages, but insists, as a condition to substantial recovery, that appellant accomplish the well nigh impossible task of establishing specifically the number of ultimate consumers who have been thus deceived in the purchase of shoes. Neither considerations of equity nor the decided cases sustain this contention. The property rights of complainant have been invaded in such manner that the rules long recognized in patent and strict trade-mark cases should be applied. Wrongs of this nature cannot be perpetrated, and the Courts be helpless to extend substantial relief. The recovery in this case is large; but that is because the transactions involved were large. The principle is in no wise affected by this consideration. If the judgment seems harsh, it is no more so than defendant's own acts have made it. The Court cannot do otherwise than rule in accordance with those just principles which must govern and control its action. It should be steadfast in its purpose both to relieve against unlawful encroachment and to promote commercial honesty and fair dealing."

SUMMARY AS TO THE LAW.

It will thus be seen from the accumulated wisdom of this multitude of precedents, that in all the cases analogous to this, where a *fraudulent intent* has been found to be present, which the Court could see and determine with its own eyes, as here, and where a defendant has continued its invasion of plaintiff's

rights deliberately, intelligently and knowingly, *after notice*, that the established rule is that there is no necessity for proving a multiplicity of instances of infringement, confusion or deception, and defendants have been compelled to respond. What difference does it make in respect of the remedy and measure of the recovery by what device the defendant palms off his goods as those of the complainant? That is what the defendant did in this case, in *Saxlehner vs. Eisner & Mendelsohn Co.*, in the *Singer Sewing Machine* case, 163 U. S. 169, and in the *Hall's Safe* case, 208 U. S. 554.

The same rules laid down in the above cases were applied in the Federal Courts of Appeal in *Gulden vs. Chance*, in the Third Circuit; *Merriam Co. vs. Saalfeld*, in the Sixth Circuit; *Wolf Bros. Co. vs. Hamilton-Brown Shoe Co.*, 206 Fed. 611, in the Eighth Circuit; as well as in the English cases we have cited.

The successful suitor in equity is entitled to recover the gains and profits which accrued to the infringer and wrongdoer by his adoption of a garb for his goods to which another has a better and prior right, particularly where there exists a plain *fraudulent intent* persisted in *after notice*, as here.

REPLY TO DEFENDANTS' MISCELLANEOUS CONTENTIONS.

Throughout their brief it is reiterated that defendants had no knowledge of complainant's labels and business methods, whereas on page 220 of the record, it appears that Mr. Bradford, the manager of defendants' hosiery and underwear departments, had known of complainant's "Notaseme" hose for

two and one-half to three years, was one of their first customers, and in the middle of page 223, he testifies to having purchased from complainant's predecessor in the spring of 1908, around one thousand dollars' worth of children's "Notaseme" hose.

In the middle of page 27 of petitioners'-defendants' brief, they naively ask:

"what happened to change conduct which for twenty-one months was innocent, to conduct condemned by the Court as either intentional fraud or from which intentional fraud could be inferred?"

Our answer is that at no time was their conduct innocent, since complainant published to the world the existence of its trade-mark, by indicating that it was registered, in compliance with the statute (Rec., p. 105). Further, after defendants' receipt of formal notice from complainant of its registered trade-mark and label, their defiant continuance in their invasion of complainant's property rights made their conduct illegal and unlawful.

At the top of page 34 and at the bottom of page 37 of petitioners' brief, they attempt to belittle complainant's label by terming it a small, non-functional, non-essential and unimportant element of the dressing of the merchandise. This is obviously not true, for their own salesgirl said that many customers "sort of recognized the sock by the label." (Rec., top of p. 202.)

If our label and mode of dressing hosiery were so insignificant, unimportant, non-essential and non-functional, why did not defendants discontinue it after notice, instead of clinging to it with the death grapple of a drowning man and fighting for its possession for over half a decade?

On pages 26 and 27 of their brief, they mistakenly say there was no competition between the parties and hence there could not be unfair competition, and make a reference to the little advertising which they did, whereas the truth of the matter is that during the period of defendants' encroachment upon complainant's rights, complainant had spent ten thousand dollars in advertising in New York City alone, as against \$2,725.00 spent by the defendants in the same territory, and complainant had at the time Mr. Newman testified, fifty accounts in greater New York, (R., middle of page 160), among which were the largest gentlemen's furnishing stores in New York, (R., top of page 103).

At the top of page 37, petitioners-defendants attempt to differentiate the hosiery in dispute by saying that their hosiery was full-fashioned hose or hose with seams, whereas complainant's were seamless hose. It appears, however, on page 228 of the Record, that the defendants' advertisements or Exhibits E, F, I and K, make no reference whatever to defendants' wares being full-fashioned hose.

The Rushmore lamp case, discussed on pages 34 and 35 of their brief, together with the case of *Fairbank Co. vs. Windsor*, at the bottom of page 35, appear to have nothing in common with the instant case, for the reason that in the Rushmore case, actual fraud was not established, whereas in the case at bar, every Circuit Judge in the Second Circuit has found that actual or *intentional fraud* was present

In the case of *Fairbank Co. vs. Windsor*, 124 Fed. 200, referred to at the bottom of page 35 of their brief, the opinion was written by Judge Lacombe, who participated in the first decision in this case (R., p. 1), and also heard this case as a trial Judge when

he modified and confirmed the Master's Report (R., p. 40), so that we feel warranted in saying that the distinctions between the instant case and *Fairbank vs. Windsor*, were fully appreciated by Judge Lacombe.

The defendants' untenable charges on the last three pages of their brief have been fully replied to under the caption "History of Complainant's Label and Trade-Mark and the Proceedings in the Patent Office" in this brief.

The Holzapfels case, cited at the bottom of page 44 of their brief, has no bearing on this case, as complainant at no time has made any representations that its "Notaseme" stockings were or were not patented.

Complainant has, however, continuously since the fall of 1907, used its common law trade-mark or name "Notaseme," and it was fully within its rights in adhering to such name as its exclusive property, either alone or in conjunction with the device of its registered trade-mark No. 73,597.

CONCLUSION.

(A) It is submitted that the Court of Appeals did not err in its final review of the case, (R., p. 60), adjudging defendants to be guilty of

- (a) unfair competition;
- (b) "intentional fraud" persisted in "after notice," nor in its
- (c) award to complainant of \$9,839.73, with interest.

(B) It is further submitted that this Court should adjudge:

(a) complainant's registered trade-mark No. 73,597, (R., p. 238), to be valid; and

(b) to have been infringed; and, further,

(c) that the sum of \$15,411.29, as originally found by the Special Master should be awarded to complainant with interest from the date of filing said Master's report, (*Keep vs. Fuller*, 42 Fed. 896, affirmed in *Warren vs. Keep*, 155 U. S. 265; *Crosby Valve Co. vs. Safety Valve Co.*, 141 U. S. 441, 457; *Illinois Central R. R. Co. vs. Turrill*, 110 U. S. 301, 303; *Tilghman vs. Proctor*, 125 U. S. 136, 160), together with

(d) an additional compensation as damages because of defendants' *fraudulent intent after notice*, and for the further reason that defendants continued their unfair and fraudulent competition for nearly two months after December 9th, 1912, the date of the Court of Appeals' first decision, adjudging them to be trading unfairly and with "fraudulent intent," (R., pp. 1 and 2).

Respectfully submitted,

JAMES H. GRIFFIN,
E. HAYWARD FAIRBANKS,
For Complainant-Respondent.

Supreme Court of the United States

OCTOBER TERM, 1914.

No. 540.

ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY &
COMPANY,

Appellants,

against

NOTASEME HOSIERY COMPANY,
a corporation organized and
created under and by virtue of
the laws of the State of Penn-
sylvania,

Appellee.

APPELLANTS' BRIEF IN OPPOSITION TO THE MOTION TO DISMISS AND AFFIRM.

For the history of the case, appellants respectfully refer to the petition for a writ of certiorari submitted by them at the same time with this motion.

The motion to dismiss this appeal is apparently based on the ground that under the decision of *Street & Smith v. Atlas Mfg. Co.*, 231 U. S., 348, an appeal does not lie as of right in cases involving

trade-marks registered under the laws of 1905, from a judgment of the Circuit Court of Appeals to this Court.

The appeal to this Court, however, is not based upon the ground that it involves a trade-mark, or rights under the Trade-Mark Law of 1905, but because the Circuit Court *originally took jurisdiction* on the grounds *both* of diversity of citizenship of the opposing parties, and of the allegation of infringement of trade-mark. Under the express provisions of the judicial code as interpreted by this Court, an appeal lies in all cases in which the jurisdiction of the Circuit Court was not *entirely dependent* upon the opposite parties being citizens of different states.

If this action had been brought solely on the ground of unfair competition, the judgment of the Circuit Court of Appeals would have been final. If the action had been brought solely under the Trade-Mark Law of 1905, the judgment of the Court of Appeals in view of the case of *Street & Smith v. Atlas Mfg. Co.*, (*supra*), would likewise have been final, but *both* grounds of jurisdiction existing at the time of the commencement of the action, the case does not present one in which the judgment is final, because the jurisdiction on the one hand was not entirely dependent upon the opposite parties being citizens of different states, nor, on the other hand, on trade-mark statute.

Section 241 of the Judiciary Act, reads as follows:

“In any case in which the judgment or decree of the Circuit Court of Appeals is not made final *by the provisions of this Title*, there shall be of right an appeal or writ of error to the Supreme Court of the United

States where the matter in controversy shall exceed One thousand dollars, besides costs."

Section 128 of the same act enumerates the cases when such judgment shall be final, and that enumeration does not contain cases such as the case at bar where *two* grounds of jurisdiction on the part of the Circuit Court are alleged.

Appellants therefore insist that in the decisions of this Court, more especially:

Railroad Commissioners v. Worthington,
225 U. S., 101, and cases cited;

Warner v. Scarle, 191 U. S., 195, and cases
cited,

there is ample authority for this appeal, and that their authority has not been diminished in the slightest degree by the case of *Street & Smith v. Atlas Mfg. Co.*, *supra*.

It is true that in most of the cases in which appeals to this Court have been allowed, where there was another ground of jurisdiction than diversity of citizenship, they involved questions which might have been appealable to this Court because some constitutional question was involved, or the construction of a statute of the United States, but this was not the ground alleged in the opinions as reported, and throughout the decisions this Court has uniformly stated that the decisions of the Circuit Court of Appeals are not final when the record shows that the *Court of original jurisdiction had two grounds for its jurisdiction*.

The theory and decisions applied by this Court have been thus described by Mr. Justice Moody in *Macfadden v. U. S.*, (1908) 213 U. S., 288:

"In the case at bar the Circuit Court of Appeals has assumed jurisdiction and rendered judgment. May the petitioner have a writ of error directed to that judgment? The answer to this question depends upon whether the judgment of the Circuit Court of Appeals was final. The act contemplated that certain judgments of the Circuit Court of Appeals might be reviewed on writ of error in this Court, and that certain other judgments could not be so reviewed. The line of division is marked in §6 of the act. It is to be observed that the line or division between cases appealable directly to this Court and those appealable to the Circuit Court of Appeals, made by §5 of the act, *is based upon the nature of the case or of the questions of law raised.* But the line of division between cases appealable from the Circuit Court of Appeals to this Court and those not so appealable, drawn by §6, *is different, and is determined, not by the nature of the case or of the questions of law raised, but by the sources of jurisdiction of the Trial Court, namely, the Circuit Court or the District Court—whether the jurisdiction rests upon the character of the parties or the nature of the case.* *Huguley Mfg. Co. v. Galeton Cotton Mills*, 184 U. S., 290, 46 L. Ed., 546, 22 Sup. Ct. Rep., 452, where it was said by the Chief Justice, citing cases, '*The jurisdiction referred to is the jurisdiction of the Circuit Court as originally invoked.*' The difference in the test for determining whether a case is appealable from the Trial Court directly to this Court, and the test for determining whether a case is appealable from the Circuit Court of Appeals to this Court, is important, and a neglect to observe it leads to confusion.

The statute says that the judgment of the Circuit court of Appeals 'shall be final in all cases in which the jurisdiction is dependent

entirely upon the opposite parties to the suit or controversy being aliens and citizens of the United States or citizens of different states; also, in all cases arising under the patent laws, under the revenue laws, and under the criminal laws, and in admiralty cases.' In all other cases there is a right of review by this Court if the matter in controversy exceeds \$1,000." (Italics are ours.)

In *Standard Paint Co. v. Trinidad Asphalt Mfg. Co.*, (1910) 220 U. S., 466, Mr. Justice McKENNA says, at page 460;

"The case at bar is within the letter of the statute. The opposite parties to the suit are citizens of different states, and while this diversity of citizenship was not necessary to give the Circuit Court jurisdiction of the case in so far as it involved the validity of the trade-mark, it was necessary to give the Court jurisdiction of the issue of unfair competition. If the latter had stood alone, its decision would have been final in the Court of Appeals, and this Court would have had no jurisdiction to review its decision, and there is some objection on principle notwithstanding the union of the charge of unfair competition with the claim of a trade-mark, to our taking jurisdiction, *but such, we think, is the effect of the statute. Macfadden v. U. S.*, 213 U. S., 288, 53 L. Ed., 801, 29 Sup. Ct. Rep., 490; *Spreckels*, 55 L. Ed.; *Sugar Ref. Co. v. McClain*, 192 U. S., 397, 48 L. Ed., 496, 24 Sup. Ct. Rep., 376."

And again, at page 459, in language that is especially applicable to the case at bar, he says:

"In the case at bar, however, it is urged there is a *diversity of citizenship*, as well as the assertion of a *right under the Federal statute*, and that the Circuit Court and the

Circuit Court of Appeals both had jurisdiction on that ground as well as on the other, *and the case, therefore, it is contended, falls under Henningsen v. U. S. Fidelity & G. Co.*, 208 U. S., 404, 52 L. Ed., 547, 28 Sup. Ct. Rep., 389; *Northern P. R. Co. v. Soderberg*, 188 U. S., 526, 47 L. Ed., 575, 23 Sup. Ct. Rep., 365; *Penn. Mut. L. Ins. Co. v. Austin*, 168 U. S., 685, 42 L. Ed., 626, 18 Sup. Ct. Rep., 223; *Northern P. R. Co. v. Amato*, 144 U. S., 465, 36 L. Ed., 506, 12 Sup. Ct. Rep., 740; *Warner v. Searle & H. Co.*, 191 U. S., 195, 48 L. Ed., 145, 24 Sup. Ct. Rep., 79; *Elgin Nat. Watch Co. v. Illinois Watch Co.*, 179 U. S., 665, 45 L. Ed., 365, 21 Sup. Ct. Rep., 270." (Italics ours.)

In dismissing the writ of error on the ground that the decree of the Circuit Court of Appeals was final, in *Col. Central Consolidated Mining Co. v. John Turch*, (1893) 150 U. S., 138, Chief Justice FULLER says, at p. 144:

"The jurisdiction had, however, already attached and could not be affected by the subsequent developments. It depended *entirely upon diverse citizenship* when the suit was commenced, and to that point of time the inquiry must necessarily be referred.

If the plaintiff had invoked it on two distinct grounds, one of them being independent of diverse citizenship, a different question might have been presented." (Italics are ours.)

In the case at bar two distinct grounds were invoked by the plaintiff, one of them being independent of diverse citizenship, and therefore, the judgment of the Circuit Court of Appeals was not final.

Prior to the adoption of the Judicial Code, there

can be no doubt that where the Court took jurisdiction by reason of two grounds, one of which was diversity of citizenship of the opposite parties, the judgment of the Circuit Court of Appeals was not considered final. The statute seemed to be explicit upon this subject, and the decisions of this Court certainly so held. The appellee now seems to contend that where two such grounds of jurisdiction are alleged in the first instance, that the judgment of the Circuit Court of Appeals is, nevertheless, final, if on one of the grounds, at least, the appeal does not lie by statute to this Court. This position is not in harmony with the decisions. In *Warner v. Scarle*, 191 U. S., 195 at p. 205, Mr. Justice FULLER states the reason for assuming jurisdiction in that Court as follows:

"In the present case, diverse citizenship and requisite amount existed, and the Circuit Court, therefore, had jurisdiction; but it is argued that the jurisdiction depended entirely on diversity of citizenship, and hence that the decision of the Circuit Court of Appeals was final. We think, however, that as infringement of a trade-mark registered under the act was charged, the averments of the bill, though quite defective, were sufficient to invoke the jurisdiction also on the ground that the case arose under a law of the United States, and will not, therefore, dismiss the appeal."

In that case it will be observed that the Court does not say the appeal lies because the trade-mark is involved, as well as diverse citizenship, but that the trade-mark infringement alleged, though quite defective, was sufficient to invoke the jurisdiction also on the grounds that "*that case arose under a law of the United States,*" as well as by reason of diverse citizenship.

If, prior to the Judicial Code of 1911, such was the law, then it is the law now, as by §294 it is expressly provided as follows:

“The provisions of this Act, so far as they are substantially the same as existing statutes, shall be construed as continuations thereof, and not as new enactments, and there shall be no implication of a change of intent by reason of a change of words in such statute, unless such change of intent shall be clearly manifest”;

and whatever construction this Court may have put upon the Judicial Code in so far as trade-mark cases under the Law of 1905 is concerned, as announced in *Street & Smith v. Atlas Mfg. Co.*, (*supra*), there is certainly no intent shown in the statute to make the judgments of the Circuit Court of Appeals final in cases where the jurisdiction is *not entirely* dependent upon diversity of citizenship.

II.

The appellants pray that the motion to dismiss their appeal be denied. If, however, this Court should determine that the appeal does not lie and should grant the writ of *certiorari* applied for at the same time, that then the supersedeas bond heretofore given on this appeal, be allowed to stand in the proceeding *on certiorari* to stay the proceedings on the judgment in the Court below.

Respectfully submitted,

EDMOND E. WISE,
Of Counsel for Appellants.

Dated, New York City, October 6, 1914.

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JAMES D. MAH

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Supreme Court of the United States

OCTOBER TERM, 1914.

ISADOR STRAUS and NATHAN STRAUS, Com-
posing the Firm of R. H. MACY & CO.,
Appellants,

Against

NOTASEME HOSIERY COMPANY,
Appellee.

No. 5  184

APPELLEE'S MOTION TO DISMISS AND AFFIRM

APPELLEE'S BRIEF ON MOTION TO DISMISS
AND AFFIRM

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Supreme Court of the United States

OCTOBER TERM, 1914.

ISADOR STRAUS and NATHAN
STRAUS, composing the
firm of R. H. MACY & Co.,
Appellants,

against

NOTASEME HOSIERY COM-
PANY,

Appellee.

No. 540.

MOTION TO DISMISS AND AFFIRM.

Now this day comes Notaseme Hosiery Company, appellee, and moves to dismiss the appeal herein and that the judgment of the Court below be affirmed for the following reasons:

2 Statement of Facts and Object of the Motion

STATEMENT OF THE FACTS AND OBJECT OF THE MOTION.

Appellee (who was the plaintiff in the District Court) brought this action in the District Court of the United States for the Southern District of New York, alleging infringement of a trade-mark registered under the Act of 1905, and unfair competition in trade.

Federal jurisdiction was based on two grounds:

(1st) That plaintiff-appellee's trade-mark No. 73,597, registered May 4th, 1909, (Record, page 238), under Act of February 20th, 1905, was being infringed by defendants-appellants, and

(2nd) Unfair competition because of diverse citizenship, the Notaseme Hosiery Company (plaintiff below) being a citizen of the State of Pennsylvania, and R. H. Macy & Co. (defendants below) being citizens of the State of New York.

The District Court dismissed the bill. Plaintiff promptly appealed to the Circuit Court of Appeals for the Second Circuit (Circuit Judges Lacombe, Ward and Noyes) which reversed the District Court on December 9th, 1912, 201 Fed. page 99 (Record, page 1).

On February 27th, 1913, an interlocutory decree was entered (Record, pages 3 to 8), ordering an injunction and a reference to a Master. The Master found plaintiff (appellee here) to be entitled to the sum of \$15,411.29 with interest (Record, pages 26 to 31, see page 31). The report of the Master was thereafter modified and affirmed by Circuit Judge

Statement of Facts and Object of the Motion 3

Lacombe (Record, pages 40 to 42) 209 Fed. 495, who held the defendants (appellants here) guilty of *fraudulent intent*, since they continued their infringement after notice.

A final decree was entered by Judge Lacombe on December 24th, 1913, awarding plaintiff (appellee here) the sum of \$9,839.73 with interest together with costs (Record, page 43, see middle of page 44.)

Defendants thereafter appealed from said final decree to the United States Circuit Court of Appeals for the Second Circuit which Court (Circuit Judges Coxe, Ward and Rogers) on May 14th, 1914, affirmed Judge Lacombe (Record, page 60), and again found defendants (appellants here) guilty of *fraudulent intent*.

Defendants (appellants here) then applied to District Judges Hand and Mayer for an order staying execution of the judgment pending an application for a writ of certiorari to this Court, which was denied for lack of jurisdiction.

Thereafter Judge Coxe not having the case of *Street and Smith vs. Atlas Mfg. Co.*, 231 U. S. 348, called to his attention by appellant (see petition for certiorari, page 11) allowed *ex parte* an appeal to this Court.

Wherefore appellee moves that the appeal herein be dismissed and that the judgment of the Circuit Court of Appeals for the Second Circuit be affirmed at the costs of the appellants, upon authority of *Hutchinson, Pierce & Co. vs. Loewy*, 217 U. S. 457-460, and *Street and Smith vs. Atlas Mfg. Co.*, 231 U. S. 348.

JAMES H. GRIFFIN,

E. HAYWARD FAIRBANKS,

Solicitors and Counsel for Appellee.

Supreme Court of the United States

OCTOBER TERM, 1914.

ISADOR STRAUS and NATHAN
STRAUS, composing the
firm of R. H. MACY & Co.,
Appellants,
against
NOTASEME HOSIERY COM-
PANY,
Appellee.

No. 540.

BRIEF OF APPELLEE ON MOTION TO DISMISS APPEAL AND TO AFFIRM.

I.

This case is one of trade-mark infringement based upon Certificate No. 73,597, registered May 4th, 1909, (Record, page 238), under Act of February 20th, 1905, 33 Stat. at L. 728, Chap. 592.

The bill also charged unfair competition, jurisdiction being based upon diverse citizenship.

As to trade-marks registered under the act of 1905, the jurisdiction of the Circuit Courts of Appeal is final.

In *Hutchinson, Pierce & Co. vs. Loewy*, 217 U. S. 457, 460, 54 L. Ed. 839, Mr. Chief Justice Fuller said:

“Sections 17 and 18 of the Act of Congress approved February 20, 1905, in respect to trade-marks, read as follows:

“Section 17. That the circuit and territorial courts of the United States and the Supreme Court of the District of Columbia shall have original jurisdiction, and the Circuit Courts of Appeal of the United States and the Court of Appeals of the District of Columbia shall have appellate jurisdiction, of all suits at law or in equity respecting trade-marks registered in accordance with the provisions of this Act, arising under the present Act, without regard to the amount in controversy.”

“Section 18. That writs of certiorari may be granted by the Supreme Court of the United States for the review of cases arising under this act in the same manner as provided for patent cases by the act creating the Circuit Court of Appeals.” (33 Stat. at L. 728, chap. 592, U. S. Comp. Stat. Supp. 1909, page 1283.)

“We are of the opinion that this appeal will not lie, and that the remedy by certiorari is exclusive. By the 6th section of the Judiciary Act of March 3, 1891, the final decision of the Circuit Courts of Appeal are made final ‘in all cases arising under the patent

6 *Brief of Appellee on Motion to Dismiss
Appeal and to Affirm*

laws, under the revenue laws, and under the criminal laws and in admiralty cases,' with power in this court to require any such cases to be certified thereto for its review and determination, 'with the same power and authority in the case as if it had been carried by appeal or writ of error to the Supreme Court.' (26 *Stat. at L.* 828, chap. 517, *U. S. Comp. Stat.* 1901, page 549.)

"We think that the language of Sec. 18 places suits brought under the Trade-mark Act plainly within the scope of the act establishing the Court Appeals, and that a final decision of that court can be reviewed in this court only upon certiorari, and that therefore the pending appeal must be dismissed. And this conclusion is sustained by *Atkins vs. Moore*, 212 *U. S.* 285, 291, 53 *L. Ed.* 515, 517; 29 *Supt. Ct. Rep.* 390."

In *Street and Smith vs. Atlas Mfg. Co.*, 231 *U. S.* 348, said Mr. Justice Van Devanter writing for this court:

"The Trade-mark Act of February 20, 1905, (33 *Stat. at L.* 724, chap. 592, *U. S. Comp. Stat. Supp.* 1911, page 1459) dealt with the subject we are considering. By § 17 it invested the circuit courts of appeals with appellate jurisdiction of cases arising under the act and by § 18 declared that writs of certiorari might be granted by this court for the review of decisions of those courts in such cases 'in the same manner as provided for patent cases' by the circuit courts of appeals act. In placing such trade-mark cases upon

the same footing as cases arising under the patent laws, as respects the remedy by certiorari, Congress undoubtedly intended that this remedy should have the same attributes in the one class of cases as in the other. We already have seen that the circuit courts of appeals act, in § 6, made it exclusive in cases arising under the patent laws. Before the adoption of the Code, this Court said in *Hutchinson P. & Co. vs. Loewy*, 217 U. S. 457, 460, 54 L. Ed. 838, 839, 30 Sup. Ct. Rep. 613, a case like this:

“‘We are of the opinion that this appeal will not lie, and that the remedy by certiorari is exclusive. We think that the language of § 18 places suits brought under the trade-mark act (February 20, 1905) plainly within the scope of the act establishing the court of appeals (March 3, 1891) and that a final decision of that court can be reviewed in this court only upon certiorari.’

“Of course, that case and this are not to be confused with others arising under earlier trade-mark laws not containing any provisions respecting appellate jurisdiction such as are embodied in the Act of 1905.

“The provisions of that act upon this subject are among those enumerated in § 297 of the Code as thereby repealed, and neither do they appear to have been embraced within and superseded by the Code. And while the circuit courts of appeals act to which § 18 of the Act of 1905 makes reference, has been superseded by being incorporated into the Code, that section has not thereby lost any of

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Appeal and to Affirm*

its original effect, for § 292 of the Code requires the reference to be construed as if naming the very sections of the Code into which the circuit courts of appeals act has been carried.

"It follows that the motion to dismiss the appeal must be sustained, as was done in *Hutchinson P. & Co. vs. Loewy, supra*.

"Appeal dismissed."

II.

As to the charge of unfair competition, the jurisdiction depends solely upon diversity of citizenship and the decree of the Circuit Court of Appeals for the Second Circuit, which elected to approach and determine the cause on the ground of unfair competition (Record, page 60) is final.

"Such an issue (i. e. unfair competition) between citizens of different States, even if there were no technical trade-mark, a Circuit Court would have jurisdiction to try, and the Circuit Court of Appeals would have jurisdiction to review, but *the judgment of the latter court would be final.*"

Mr. Justice McKenna in *Standard Paint Co. vs. Trinidad Asphalt Mfg. Co.*, 220 U. S. 446, 457, 55 L. Ed. 542.

III.

Since *Hutchinson, Pierce & Co. vs. Loewy, supra*, the Supreme Court has entertained appeals, as before, in cases based on trade-marks registered under the Act of March 3, 1881, but never in cases based on registrations under the Act of 1905.

Standard Paint Co. vs. Trinidad Asphalt Mfg. Co., 220 U. S. 446, in which the trade-mark was Certificate No. 36,485, Registered May 28, 1901, under the Act of 1881, as shown by the record of that case in this court, case No. 106, October Term, 1910.

Baglin vs. Cusenier Co., 221 U. S. 580, 587, 55 L. Ed. 867, in which the two trade-marks were registered in 1884 under the Act of 1881, as disclosed by the opinion.

IV.

It is stated by counsel for defendants (appellants here) in their petition for *certiorari* (page 11) that when Judge Coxe allowed the appeal herein, the case of *Street & Smith vs. Atlas Mfg. Co.*, 231 U. S. 348, was not called to his attention.

When the Judiciary Act of 1911 was being formulated *Hutchinson, Pierce & Co. vs. Loewy, supra*, was the law. Under it, and the statutes, cases relating to trade-marks registered under the Act of 1905 were unquestionably not appealable from the Circuit Courts of Appeal.

The Trade-mark Act of 1905, as construed by this court in the cases of *Hutchinson, Pierce & Co. vs. Loewy*, and *Street and Smith vs. Atlas Mfg. Co., supra*, relieved this court of litigation under said act. Under the doctrine of the two cases, *supra*, no appeal to this court lies in this case, and the appeal should therefore be dismissed and the decree appealed from affirmed.

Respectfully submitted,

JAMES H. GRIFFIN,

E. HAYWARD FAIRBANKS,

Solicitors and of Counsel for Appellee,
Notaseme Hosiery Company.

IN THE
Supreme Court of the United States

OCTOBER TERM, 1914.

ISADOR STRAUS and NATHAN
STRAUS, composing the
firm of R. H. MACY & Co.,
Appellants,

against

NOTASEME HOSIERY COM-
PANY,

Appellee.

No. 540.

NOTICE OF MOTION TO DISMISS AND AFFIRM

*To the appellants above named or
Edmond E. Wise, New York City, their counsel.*

Take notice that we will on Monday, October 12th, 1914, at the hour of twelve noon, or as soon thereafter as counsel can be heard, submit to the Su-

preme Court of the United States a motion to dismiss your appeal and to affirm the judgment and decree of the Circuit Court of Appeals for the Second Circuit, a copy of which motion and brief in support thereof are herewith served upon you.

Dated Philadelphia, Pa., this 16th day of September, 1914.

JAMES H. GRIFFIN,
E. HAYWARD FAIRBANKS,
Solicitors and of Counsel for Appellee.

Received a copy of the foregoing notice and of said motion and brief at New York City, this 17th day of September, 1914.

EDMOND E. WISE,
Solicitor and of Counsel for Appellants.

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SYNOPSIS.

I.

Judgment was ordered solely on the charge of unfair competition, although the Court found that there was nothing to show that the defendants themselves knew at first of any similarity in the labels, and that the evidence was insufficient to show actual deception. That when the petitioners received the design and commenced to sell their own goods under it, they had not seen complainant's label, and that during the period when they sold their goods in ignorance of the fact that the label they were using simulated that of the plaintiff (a period of twenty-one months), *they had no fraudulent or unfair intent*. There was a total absence of proof of any competition between the goods of the petitioners and those of the respondent, and a total absence of proof of any confusion on the part of the public, or of any individual, resulting in the purchase of the goods marketed by the petitioners supposing them to be the product of the respondent. Not a single reliable witness was produced to show deception on the part of the petitioners, or substitution of goods. The decree sustaining the charge of unfair trade under these circumstances is directly contrary to the holdings of this Court and the Courts of Appeal in other circuits. *Howe Scale Co. v. Wyckoff, Seaman & Benedict*, 198 U. S., 118, at 140; *Goodyear Co. v. Goodyear*, 128 U. S., 598; *Standard Paint Co. v. Trinidad Asphalt Mfg. Co.*, 220 U. S., 461;

I.

Elgin National Watch Co. v. Illinois Watch Co., 179 U. S., 665; *Rowley Co. v. Rowley*, 193 Fed., 390 (3rd S. C. A.); *Rathbone, Sard & Co. v. Champion Co.*, 189 Fed., 26 (6th C. C. A.); *Hanover Star Milling Co. v. Allen & Wheeler Co.* (1913), 7th Circuit, 208 Fed., 513, 516; *Rushmore v. Badger Brass Mfg. Co.*, 198 Fed. Rep., 379 (2nd Circuit, 1912); *G. & C. Merriam Co. v. Saalfeld* (6th Circuit, 1912), 198 Fed. Rep., 369. All referred to at paragraph 1, page 15, of the petition.

II.

In the absence of any proof of damages, or of substitution of the goods by petitioners for those of the respondent, and in the absence of the slightest proof of confusion of goods whereby any person had been deceived into the purchase of petitioners' goods for those of the respondent, it was error to award to the respondent as damages all the profits made by the defendants from the time that they received notice of the existence of the complainant's label to the date of its discontinuance. The Court awarded profits as damages in supposed analogy to trade-mark and patent cases. This is contrary to the decisions of other circuits. (Petition, p. 31.) *Rushmore v. Badger Brass Mfg. Co.*, 198 Fed. Rep., 379; *G. & C. Merriam Co. v. Saalfeld*, 198 Fed., 369; *Apollo Bros., Inc., v. Perkins*, 207 Fed. Rep., 530.

IN HAMILTON-BROWN SHOE CO., PETITIONER, v. WOLFE BROS. & CO., RESPONDENT, NUMBER 813 OF THE OCTOBER TERM, 1913, OF THIS COURT, THIS PRECISE QUESTION WAS RAISED IN PETITION FOR CERTIORARI, AND THE WRIT WAS GRANTED.

III.

Even if the rule in patent and copyright cases as to damages were applicable, the decision is erroneous and contrary to established authorities in awarding *all* profits made by the defendants as damages in the absence of any proof of how much, if in any respects at all, the label contributed to the sale of the article. *Westinghouse v. Wagner*, 225 U. S., 604; *Dobson v. Hartford Carpet Co.*, 114 U. S., 444-446; *Merriam Co. v. Ogilvie* (1st Circuit), 170 Fed. Rep., 167; *J. F. Rowley Co. v. Rowley* (3rd Circuit), 193 Fed. Rep., 390, 393; *Apollo Bros. v. Perkins* (3rd Circuit), 207 Fed. Rep., 530, 533; *Rathbone, Sard & Co. v. Champion Steel Range Co.* (6th Circuit), 189 Fed. Rep., 26.

Supreme Court of the United States

OCTOBER TERM, 1914.

IN EQUITY.

ISIDOR STRAUS and NATHAN
STRAUS, trading as R. H.
MACY & COMPANY,

Appellant,

against

NOTASEME HOSIERY COMPANY,
Respondent.

To JAMES H. GRIFFIN, Esq.,

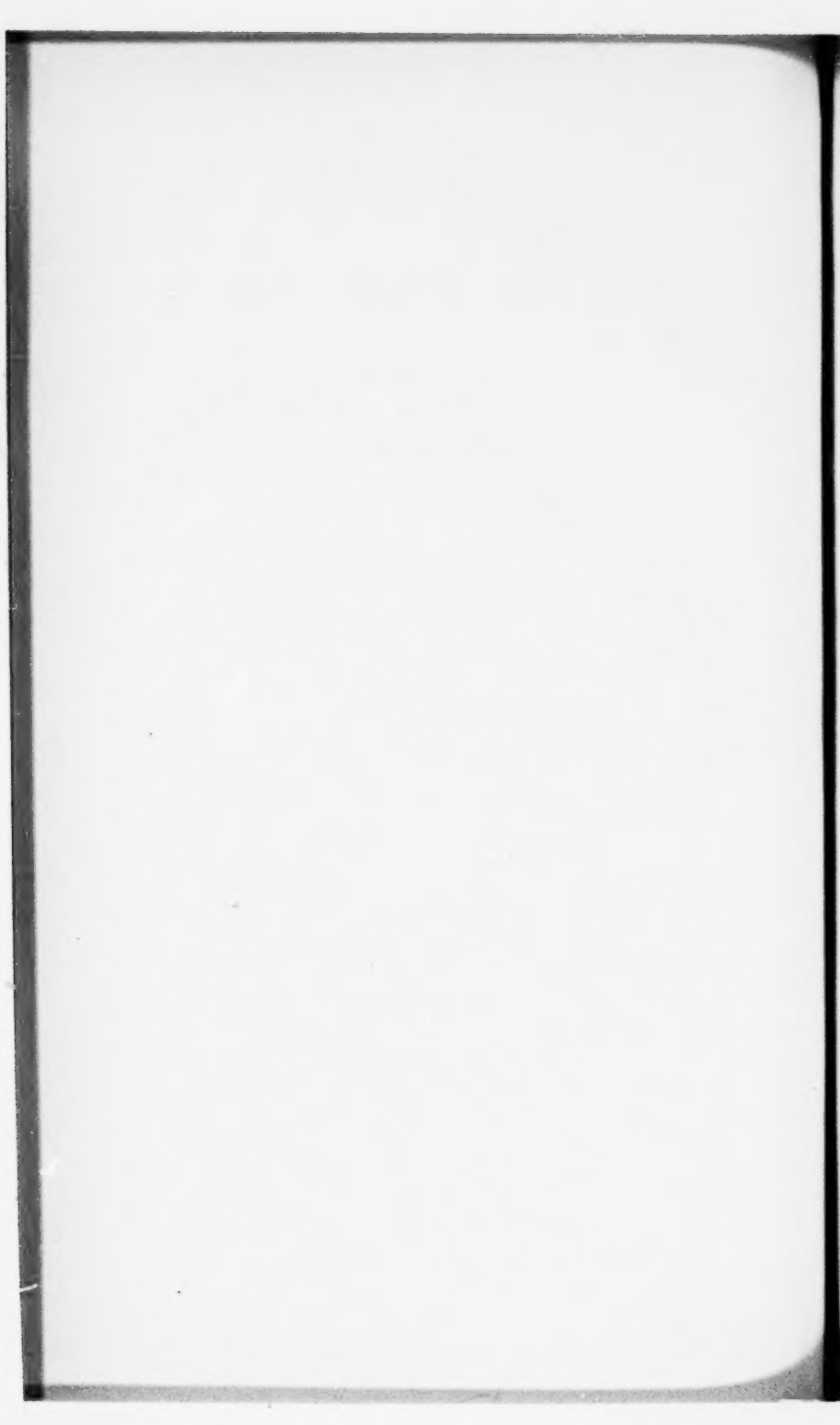
Counsel for Notaseme Hosiery Co.,

Respondent.

PLEASE TAKE NOTICE that a petition praying for a writ of certiorari from the Supreme Court of the United States to the United States Circuit Court of Appeals, for the Second Circuit, a copy of which is hereunto annexed, will be submitted to the Supreme Court of the United States for the decision of the Court thereon on the 12th day of October, 1914.

Dated, New York, September 10th, 1914.

EDMOND E. WISE,
Counsel for Petitioners.



Supreme Court of the United States

OCTOBER TERM, 1914.

IN EQUITY.

ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY &
COMPANY,

Petitioners,

against

THE NOTASEME HOSIERY COM-
PANY,

Respondent.

**Petition for Writ of Certiorari from
the Supreme Court of the United
States to the United States
Circuit Court of Appeals
for the Second Circuit.**

*To the Honorable the Chief Justice and Associate
Justices of the Supreme Court of the United
States:*

Your petitioners, composing the firm of R. H. Macy & Company, respectfully represent:

That the Notaseme Hosiery Company, a corporation organized and existing under and by virtue of the laws of the State of Pennsylvania, and en-

gaged in the manufacture of hosiery at Philadelphia, Pa., instituted a suit in equity in the then Circuit Court for the Southern District of New York (now the District Court for said District) against your petitioners, a co-partnership conducting, under the name of R. H. Macy & Company, a large retail department store in the City of New York, claiming that it was the owner of a trade-mark label consisting of a rectangular figure with a diagonal band, forming panels above and below which are colored red, while the band is black, as applied to hosiery, by affixing the same to the end of boxes in which such hosiery was packed and on other printed cards and on bands enclosed therein. Across the black band there was printed in large white script the word "*Notaseme*."

It charged your petitioners with infringement of its rights by using the same, or a similarly colored label, that is, a rectangular figure with a red panel divided by a black diagonal band, and the word "*Ironter*" printed in large white script on the black band.

Upon trial on bill, answer and evidence complainant's bill was dismissed by Judge HAZEL, a copy of whose opinion is contained at page 232 of the record. In his opinion Judge HAZEL held that the complainant (respondent here) was not entitled to relief by reason of any violation of the trade-mark law, because the label contained misrepresentations which invalidated the registered trade-mark, and operated as a bar to equitable relief from the asserted infringement (fol. 341, printed record, p. 233). The Court further held that no confusion resulted from the similarity of the two labels, and that there was no proof of substitution of the defendant's goods for those of the complainant, and therefore the charge of unfair trade had not been sustained.

Complainant appealed from the decree entered upon the decision of Judge HAZEL, to the Circuit Court of Appeals for the Second Circuit. In a *per curiam* opinion the Court of Appeals reversed that judgment (201 Fed. Rep., 99); that opinion is as follows:

"Per Curiam:

As we are of the opinion that the complainant may obtain adequate relief upon its charge of unfair competition, we think it unnecessary to examine the charge of trade-mark infringement. And as the latter phase of the case may be laid out of consideration we are not required to determine the preliminary question whether the complainant by its own deception in the use of its alleged trade-mark was disentitled to ask its protection. Certainly no such deception is shown as would prevent the complainant from suing for unfair competition.

The testimony shows that the complainant's label came into use some six months before that of the defendants. It also shows that the engraving company which prepared the complainant's label designed that of the defendants. The inference is strong that the latter was actually copied from the former and this inference is supported by comparing them. Each label is a rectangular design having a diagonal black band with white script writing and triangular red panels. *There is nothing to show that the defendants themselves knew at first of any similarity in the labels*, but they were notified afterwards and continued the use.

In our opinion the evidence is insufficient to show actual deception. Such proof, however, is not necessary. The question is whether the natural and probable result of the use by the defendants of its label will be

the deception the ordinary purchaser making his purchases under ordinary conditions—whether there is a degree of similarity calculated to deceive. And we think there is such similarity. It seems clear to us that the general impression made by the defendants' label upon the eye of the casual purchaser would be likely to result in his confounding the defendants' goods with those of the complainant.

We conclude that the complainant is entitled to relief against unfair competition and consequently the decree appealed from is reversed with costs and the cause remanded with instructions to decree for the complainant." (Italics are ours.)

Pursuant to that opinion a decree was entered (printed record, pp. 3 to 8) which, amongst other things, appointed John A. Shields, as Special Master "to take testimony and ascertain and report to this Court the profits accruing to the defendants by reason of the commitment of the unlawful acts here found, and for damages accruing to the complainant, by reason of such acts * * *." Pursuant to such decree hearings were had before the Special Master between June 18th and July 22nd, 1913 (pp. 11 to 25, printed record). Upon those hearings the sole evidence introduced was the amount of the profits made by the petitioners on Irontex hosiery with the label complained of affixed thereto from the date when that label was first adopted to the date of its discontinuance pursuant to the decision of the Circuit Court of Appeals.

The record of the trial was in evidence, and your petitioners claim that in view of the facts disclosed in that record, and in the absence of any additional and supplementary proof that deception and substitution of goods had in fact taken place, or that

confusion had arisen between the goods of your petitioners and the respondents, the Notaseme Hosiery had not become entitled either to an accounting of the profits made by your petitioners, or to any damages whatsoever. The facts disclosed by the record and which in substance were found by Judge HAZEL, and in part at least approved by the Circuit Court of Appeals, are as follows:

The plaintiff's predecessor, The Milander-Newman Corporation, was formed in September, 1907, under the laws of the State of Pennsylvania for the purpose of manufacturing hosiery (printed record, p. 113). It was formed by two young men who theretofore had not been joined in any business enterprise. At the time that it began manufacturing, in the Fall of 1907, it was possessed of no business, good-will or trade-name.

On December 12, 1907, it filed an application for a trade-mark, which was rejected because the word "*Notaseme*," printed in white on the black band, was considered by the Patent Office the distinguishing feature of the applicant's mark (p. 143, record, and Deft. Ex. M). The department finally permitted registration of a trade-mark on May 4, 1909, which showed a square upper and lower triangular panels, red and a black band traversing the square diagonally, but without any other distinguishing feature.

Four days later on May 8th, 1909, the Milander-Newman Corporation was reorganized and changed into the Notaseme Hosiery Company (p. 145, record), and the trade-mark, not as registered, but with the name "*Notaseme*" printed on the black band, indicating both the name of the goods and the manufacturer's name (p. 145, record) was continued in use in precisely the same way as it had been used theretofore.

Complainant did business at wholesale, only and sold \$50,000 worth of goods in the first year of its existence. In the second year its business increased to about \$150,000 or \$175,000, and in the third year, to October, 1910, to about \$250,000 (XQ. 353, p. 137; XQ. 459, p. 146). During the first year a large proportion of the complainant's business was carried on in the South and New England (XQ. 337, p. 136) and it increased in the various localities in about the same proportion (XQ. 462, p. 146).

The advertising of the complainant's goods was done largely through "display" work (XQ. 323, p. 134), that is getting up conspicuous and attractive displays, placards, show cards, labels, etc. These cards were sent to customers, for distribution to purchasers, or for display by them (XQ. 107, *et seq.*, p. 115). In April, 1910, the character of the advertising was modified and placards were exhibited in street cars in New York City (XQ. 468, p. 146).

Your petitioners conduct a large retail department store in the City of New York, where, amongst other goods, they sell hosiery *at retail only*. In March, 1908, about five months after respondent's incorporation, they exhibited in their store for sale *full fashioned hose (i. e., hose with seams)* as distinguished from seamless hose, packed in boxes which bore clearly stamped upon them the name of R. H. Macy & Company as the distributor, and a rectangular label similar to plaintiff's with red panels divided by a black band, bearing in large white script the name "Irontex." At the time that this label was adopted by your petitioners they had never heard of the "*Notaseme*" label, nor the corporation which made the goods, and had never seen

nor heard of the goods nor their packing (Q. 72, p. 189), and they never did hear of it until the end of November, 1909, when respondent advised them that the "Irontex" was infringing a trade-mark registered by the complainant under the name of "Notaseme" (Complainant's Exhibit, Macy letter, #1, p. 159, record).

Your petitioners' hosiery business averaged about \$250,000 a year at retail and during the period in which they used their label they advertised extensively in the *Metropolitan Press* (Q. 116½, p. 192, *et seq.*).

All hosiery is packed in boxes with distinctive labels, binders and fillers. Respondent did not claim any novelty or originality for the *method* of packing the goods (p. 112, XQ. 60, *et seq.*). It is admitted that hosiery is usually sold under a distinctive name, or is called by the name of the firm selling it (XQ. 93, p. 114). Respondent's only claim is as to the color and shape of design stamped on the customary label or fillers.

The Special Master with all these facts before him, and despite the express statement in the opinion of the Court of Appeals that the evidence was insufficient to show actual deception, allowed as damages to the respondent the sum of \$15,406.75, *being the total amount of the net profits of your petitioners on the sale of "Irontex" hose from the date when it was first put upon the market to the date of its discontinuance after the entry of the decree on the opinion of the Circuit Court of Appeals.* Exceptions were duly filed (pp. 32 to 37, Record), which came up for a hearing before Judge LACOMBE who modified and confirmed the Master's findings as to the amount of the profits. His opinion is at page 40 of the record and is as follows. (*Italics are ours*) :

“Hearing upon Report of a Special Master as to Profits and Damages. The suit was for unfair competition.

LACOMBE, J.:

The Court of Appeals was clearly of the opinion that a case of unfair competition had been made out. The two names ‘*Notaseme*’ and ‘*Irontex*’ are wholly dissimilar, but mere inspection of the two labels with their panels and contrasting colors showed quite satisfactorily that the designer of the later label tried to make it so nearly like the earlier one that it would be likely to deceive purchasers. So close a copy of an earlier design is not often seen; manifestly it was not accidentally produced, it was devised with some intelligent purpose, and there is no evidence which would warrant the conclusion that such purpose was other than that which the Court of Appeals has found, viz.: an attempt to compete unfairly with the owner of the earlier label.

This is not a case of the use of a man’s own name, which use may incidentally lead persons to suppose that his wares are those they have always associated with another dealer having the same name. There has been a carefully planned and deliberate attempt to simulate successfully the dress or earmarks of another’s goods.

That constitutes a fraudulent intent and when there is such a plain intent, the authorities, as I understand them, allow complainant to recover profits, as he would in an ordinary registered trade-mark case.

It does appear, however, from the record, that defendants were not concerned in the original concoction of the label. They sent to a designer in Philadelphia, who, as it happened had been the one who designed complainant’s label, to get up a label for them. When they received his design and commenced to sell their own goods under it, they

had not seen complainant's label. During the period when they sold their goods in ignorance of the fact that the label they were using designedly simulated that of complainant, it cannot be held that they had any fraudulent or unfair intent; AND INTENT IS ESSENTIAL IN CASES OF UNFAIR COMPETITION.

By the later part of 1909, however, they were advised of the situation and learned of complainant's label. The fact that thereafter, instead of discontinuing the use of the simulating label, they continued to sell their own goods under it, sufficiently shows that at that time they deliberately, intelligently and knowingly decided to enter into unfair competition with the complainant. For the consequences of that decision, they should respond, allowing a brief period for them to advise themselves as to the facts and to change the design of their own label, January 1, 1910, may be taken as the date from which they should account for profits. So much of the profits as accrued prior to that date should be disallowed.

I see no reason why the profits for the period between original decision in District Court and its reversal should also be eliminated. Appeal was promptly taken and defendants took their chance of the result.

With the modification above indicated of the Master's finding as to the amount of the profits, his report is confirmed."

A final decree was thereupon entered (p. 43, record) from which an appeal was allowed. The Circuit Court of Appeals affirmed the judgment in an opinion written by Judge WARD and concurred in by Judges COXE and ROGERS; the same is as follows:

“WARD, Circuit Judge:

The complainant, a corporation of the State of Pennsylvania, filed his bill against the defendants, citizens of the State of New York, residing in the Southern District thereof, for infringement of its trade-mark and for unfair competition. The District Judge dismissed the bill and upon appeal this Court held that the labels were so alike that it was obvious confusion of goods must result. We sustained the charge of unfair competition, 201 Fed. Rep., 99. Accordingly the decree was reversed and the District Court directed to enter a decree in favor of the complainant with the usual injunction and accounting against the defendants.

It appears that the complainant's and defendants' labels were both designed by the same person and that the defendants, though they put their goods on the market in March, 1908, were wholly unaware of the complainant's label until December 1, 1909.

The Master awarded to the complainant the profits made on sales of this infringing hosiery from July 30, 1908, to February 1, 1913, amounting to \$15,411.29. Upon exceptions to his report Judge LACOMBE struck out profits down to January 1, 1910, from which time he held the defendants guilty of a deliberate intention to enter into unfair competition because they continued to use their label after they had been advised of the complainant's and had ample time to change it. This reduced the decree to \$9,839.73. The defendants appeal on the ground that profits in case of unfair competition are recoverable only when there is intentional fraud. *Assuming this to be so, we are, in view of our previous decision, compelled to find that there was fraudulent intent. The decree is affirmed.*”

An attempt was made to stay the execution of that judgment pending an application for a writ of *certiorari* to this Court. A *supersedeas* bond in ample amount was duly offered, but both District Court Judges HAND and MAYER refused to approve said bonds on the ground of *lack of power*. Thereupon in reliance on decisions of this Court

Railroad Commission v. Worthington, 225
U. S., 101,
Warner v. Searle, 191 U. S., 195,

an assignment of error was filed and an application was made for leave to appeal to this Court, which was granted by Judge COXE of the Circuit Court of Appeals (p. 63 of record). A *supersedeas* bond was filed and approved by the Judge, and execution under the judgment was stayed. A motion was made by the respondent to set aside the order allowing the appeal and the *supersedeas* bond and thus to vacate the stay of said judgment, which was denied by Judge COXE in an opinion which reads as follows:

"The order allowing the appeal was made in the usual course of *ex parte* business. After examining the authorities presented by the appellant, and approving the bond to secure the judgment, I concluded to sign the order. The case of *Street & Smith v. Atlas Co.*, 231 U. S., 348 was not called to my attention, but I thought it doubtful whether the appeal would lie. However, I did not feel that the question of the invalidity of the appeal was so free from doubt as to justify me in refusing to allow it. To do so might work irreparable injustice to the appellant. On the other hand, with the judgment absolutely secured, and drawing interest, the ap-

pellee would be delayed for a few months only. In such circumstances it seemed to me that the better practice is to allow the appeal. The responsibility of determining the jurisdiction of the Supreme Court should be left to that tribunal and should not be assumed by a Judge of the lower Court.

But irrespective of these considerations, as the cause has been transferred to the Supreme Court, it seems that a judge of the Circuit Court of Appeals has no further control over it."

Under the authorities cited there is grave doubt as to the jurisdiction of this Court to entertain this appeal, and the petitioners have therefore been advised that the questions involved are so serious and have been the subject of conflicting decisions in the various Circuit Courts of Appeals, and that the decision itself in this case is so contrary to various decisions of the Supreme Court, that unless application for a writ of *certiorari* be allowed by this Court there is grave danger that they will be compelled to pay a large sum of money without having the questions involved heard by this Court, if the appeal should be dismissed for lack of jurisdiction, although the law governing the same is unsettled by reason of the conflicting decisions upon questions some of which are now pending in this Court by reason of a writ of *certiorari* granted in the Hamilton-Brown Shoe Company. -

The petitioners respectfully submit to this Court that the Circuit Court of Appeals erroneously held that your petitioners were engaged in unfair trade with the respondent because, *first*, your petitioners adopted their label and sold their goods in complete ignorance of the respondent's label, or in fact

of the respondent's existence; *second*, that there was absolutely no proof of any competition between the goods of your petitioners and those of the respondent, your petitioners' goods being sold as hosiery with seams and only at retail in the City of New York, the respondent's goods being known and sold as hosiery without seams, and distributed at wholesale largely throughout New England and the South; *third*, that there was a total absence of any proof of sale of the goods of your petitioners for those of the respondent, and that your petitioners so conducted their business as not to palm off their goods for those of the respondent.

Your petitioners further submit that the judgment of the Circuit Court of Appeals was erroneous in holding that the respondent, the Notaseme Hosiery Company, even if there was unfair trade, is entitled to recover the profits made by your petitioners on the "Irontex" goods sold with a label similar to the respondent's (1) on the ground that the labels in no way contributed to the sale of the respondent's goods, but that Irontex hosiery was sold on the reputation of the petitioners and on the strength of their efforts and not on the appearance of either of the boxes in which they were packed or the reputation of the respondent; (2) that there is a complete and total absence of proof of confusion of goods; (3) that there is a complete and total absence of proof of substitution of goods by your petitioners for those of the respondent; (4) that there is a complete absence of any actual intentional fraud on the part of the petitioners which would enable the respondent to recover any damages.

That the holding of the Circuit Court of Appeals in this case is contrary to the express rulings of

this Court and the Court of Appeals of other Circuits, and if permitted to stand will create confusion in the administration of law in such cases.

I.

The petitioners were not guilty of unfair trade.

In *Howe Scale Co. v. Wyckoff, Scaman & Benedict* (1904), 198 U. S., 118 at 140, Chief Justice FULLER states the basis of an action for unfair trade in the following words:

"The essence of the wrong in unfair competition consists in the sale of the goods of one manufacturer or vendor for those of another, and if defendant so conducts its business as not to palm off its goods as those of complainant, the action fails."

In *Goodyear Co. v. Goodyear*, (1888), 128 U. S., 598, this Court says:

"Relief in such cases is granted only where the defendant by his marks, signs, labels, or in other ways, represents to the public that the goods sold by him are those manufactured or produced by the plaintiff, thus palming off his goods for those of a different manufacturer, to the injury of the plaintiff. *McLean v. Fleming*, 96 U. S., 245 (24:828); *Sawyer v. Horn*, 4 Hughes, 239; *Perry v. Trucfitt*, 6 Beav., 66; *Croft v. Day*, 7 Beav., 84.

There is no proof of any attempt of the defendant to represent the goods manufactured and sold by him as those manufactured and sold by the plaintiff; but on the contrary, the record shows a persistent ef-

fort on its part to call the attention of the public to its own manufactured goods, and the places where they are to be had, and that it had no connection with the plaintiff."

See also:

Standard Paint Co. v. Trinidad Asphalt Mfg. Co., 220 U. S., 461.

Elgin National Watch Co. v. Illinois Watch Co., 179 U. S., 665.

Rowley Co. v. Rowley, 193 Fed., 390 (3rd C. C. A.).

Rathbone, Sard & Co. v. Champion Co., 189 Fed., 26 (6th C. C. A.).

Hanover Star Milling Co. v. Allen & Wheeler Co. (1913), 7th Circuit, 208 Fed., 513-516.

Rushmore v. Badger Brass Mfg. Co., 198 Fed. Rep., 379 (2nd Circuit, 1912).

G. & C. Merriam Co. v. Saalfeld (6th Circuit, 1912), 198 Fed. Rep., 369.

These cases, and a number of others, abundantly support the contention of your petitioners, that being in total ignorance of the respondent's existence at the time of the adoption of the label, nor ever having heard of its goods or seeing its markings, cartons or labels, your petitioners were not guilty of the wrong of unfair competition since they neither attempted to, nor did sell their goods for those of another, nor by their mark, signs, labels or in other ways represented to the public that the goods sold by them were manufactured or produced by another, but to the contrary, made every effort to and did create a market for their own goods on their own merits.

Judge LACOMBE, however, argued, and his rea-

soning was approved by the Circuit Court of Appeals, that though it appears from the record that for the twenty-one months when they sold their goods in ignorance of the fact that the label they were using simulated that of the respondent, and that therefore petitioners were not guilty of unfair or fraudulent intent, which is essential in cases of unfair competition, yet that in the latter part of 1909 they had learned of complainant's label and that by not discontinuing the same at that time, they had "deliberately, intentionally and knowingly decided to enter into unfair competition with the complainant," although there was no proof of any intentional fraud, or of substitution of goods.

From March, 1908, until the date that they received notice of the claim of a trade-mark on the part of the Notaseme Company, that is December, 1909, for a period of twenty-one months, the Circuit Court of Appeals has affirmatively held your petitioners to be free from any taint of unfair competition. During that period they extensively advertised and displayed their goods in their store in New York, and sold large quantities of the hose under the name of "Irontex," packed and labelled as heretofore described, they had not then taken advantage of any reputation that the complaint had established, and if there was any good-will and reputation established for that label in the City of New York, is it not more than likely that such reputation was secured for it by the advertisements of your petitioners, a well-known department store, than by the efforts of the respondent, a manufacturer and dealer at wholesale, located in Philadelphia, whose business advertisements in the City of New York (except in a trade paper and cards sent

to customers for display) were limited to placards placed in the street cars, and that only in April, 1910, three months after the commencement of the action.

What happened to change conduct which for twenty-one months was innocent, to conduct condemned by the Court as either intentional fraud, or from which intentional fraud could be inferred?

If the label innocently adopted and lawfully used during a period of twenty-one months *produced neither confusion of goods nor damages to the complainant* by reason of substitution of one for the other, can it be held as a matter of law that intentional fraudulent conduct and wrong was committed by the petitioners' refusal to abandon a label attached to their own goods advertised by them in their own market, sold by them in the City of New York, where they had established for it a favorable reputation, merely because respondent advised them that their "Irontex" label was *infringing a trade-mark registered by the respondent under the name of "Notaseme" in March, 1909?*

Of course, previous innocence would not be an excuse for a confusion of goods or substitution thereof after such notice.

If, after the receipt of the letter from the Notaseme Company by petitioners, it had been shown that their goods were sold as the goods of the respondent, that the petitioners had substituted their goods for the respondent's, or even that there was confusion as to the identity of the goods in the minds of petitioners' customers, and that when they were buying "Irontex" they really intended to buy "Notaseme" hosiery, there might be some basis for a charge of intentional fraud for which the petitioners should respond to the extent of the dam-

age that was occasioned thereby; but not only is there no proof of any confusion of goods, nor any substitution of one for the other, nor the deception of any customer, but there is affirmative proof that there never was any substitution of goods nor deception of customers nor, so far as the petitioners heard, any confusion in the mind of prospective customers as to the difference between the "Notaseme" goods—that is, the seamless hosiery manufactured by the respondent, and the "Irontex" goods—that is, the full-fashioned hosiery with seams sold by the petitioners.

In all actions where relief has been given for unfair competition there has been a concurrence of four elements: First, a design to defraud; second, the adoption of means to make that design effective; third, that the means and design were in fact effective; fourth, material damage.

In *Hanover Star Milling Company v. Allen & Wheeler Company*, 7th Circuit (April, 1913, 208 Fed., 513, Judge BAKER, writing for the unanimous Court, says (at page 513):

"It is not the trade-mark, but the trade, the business reputation, and good-will, that is injured; and the property or right in the trade is protected from injury by preventing a fraud-doer from stealing the complainant's trade by means of using the complainant's 'commercial signature.'

From these considerations of the nature of trade-marks and the basis and scope of trade-mark suits, it would follow that complainant in this case has no property in the mark 'Tea Rose,' like property in its mill and wheat and flour; has no monopoly of the use of the mark, like the monopoly of a patent or copyright; has no right at all to

the mark 'in gross,' but a right only to the extent that the mark is 'appendant' to its trade; has no basis of complaint except for injury to its business; and (since defendant has traded honestly in markets where complainant is unknown and has neither committed nor threatened an injury to complainant's reputation and good-will) has no cause of action in equity." (Italics are ours.)

Judge BAKER further reviews a number of cases at great length (p. 518) which held that there must be actual competition before there can be unfair competition, as, for instance:

Lery v. Waitt, 61 Fed., 1008.

Cohen v. Nagle, 190 Mass., 4.

Carroll v. McIlvaine, 171 Fed., 125.

That the intention to defraud was absent at the time the label was adopted is conceded.

That deception was committed has not been proven, and there does not exist the slightest proof of material damage.

That the labels resemble each other must be admitted, but it was not adopted by the petitioners with the fraudulent design either of imitating the respondent's label or palming off the petitioners' goods for those of the respondent, and if it had been so adopted with such corrupt design, it appears affirmatively that it was not successful. Lastly, there is a total absence of any proof of damage, not alone in loss of profits, but of diminution of sales.

Your petitioners respectfully submit that in view of the finding of the Circuit Court of Appeals that your petitioners were not aware of any similarity in the labels when they were first adopted, and that

the evidence is insufficient to show actual deception, and in view further of the total absence of any proof of a confusion of goods, the decision of the Circuit Court of Appeals that your petitioners were guilty of any fraudulent or malicious attempt to cut into the business of respondent, or of any act of unfair trade, is erroneous and directly in conflict with the decisions of this Court and of other Circuit Courts of Appeals, and if allowed to stand will greatly tend to confuse the law on the subject.

II.

Petitioners submit that the judgment in the Circuit Court of Appeals was further erroneous in holding that the Notaseme Hosiery Company, the complainant below, was entitled to recover the profits made by your petitioners on the goods sold with the Irontex label, from the date of notice that it was claimed to infringe the trade-mark of the Notaseme Company to the date of its discontinuance, in the absence of any proof of damages, or of substitution of the goods of your petitioners for those of the respondent, and in the absence of the slightest proof of confusion of goods, whereby any person had been deceived into the purchase of your petitioners' goods for those of the respondent.

Your petitioners respectfully submit that this decision of the Circuit Court of Appeals of the Second Department is contrary to the express rulings

of this Court and to the Courts of Appeals of other Circuits as well as the Second Circuit itself, and if permitted to stand will create a confusion in the administration of the law in such cases.

YOUR PETITIONERS RESPECTFULLY SUBMIT that the precise question herein involved is now before this Court by the writ of certiorari from this Court to the United States Circuit Court of Appeals for the Eighth Circuit in the case of

*Hamilton-Brown Shoe Co., petitioner, v.
Wolfe Bros. & Co., respondent,*

in which the petition for the writ was filed in this Court in December, 1913, and was allowed in January, 1914, and is now number 813 on the calendar of the October Term, 1913. Your petitioners in support of their petition for a writ of certiorari respectfully refer to the petition and brief submitted in that case.

It has been repeatedly held in the various Circuit Courts of Appeal and also in the Second Circuit that the rule for the recovery of damages in cases of unfair trade proceeds upon an entirely different theory than in the cases of patents, trademarks or copyrights. In those cases where by statute a monopoly has been granted the penalty for the invasion thereof is prescribed and ordinarily includes an express provision giving to the grantee of the monopoly the right of recovery of profits that the infringer has made by reason of the invasion of his exclusive right of use, as well as any other damages that may have been suffered. This right rests on the statute and is supported because a field exclusively given to the patentee has been poached upon; and exclusive right to produce has

been attacked which may be prevented both by injunction and punished by damages, even in case no actual damage is shown.

Where, however, unfair trade has been established a different rule prevails. There is no analogy with trade-marks and patents; no exclusive field has been invaded. As was said by Judge BAKER in *Hanover Star Milling Co. v. Allen & Wheeler Company*, *supra*:

"It is not the trade-mark but the trade, the business reputation, and good-will, that is injured."

Damages to be recovered in such cases are to cover injury to the business and that damage must be established in precisely the same way as damages for injury to any other species of personal property.

In *Rushmore v. The Badger Brass Manufacturing Co.* (2nd Circuit, May 12, 1912), 198 Fed. Rep., 379, C. C. A., the defendants placed upon the market an automobile lamp, which in non-functional features, resembled the lamp sold by the plaintiff. Judge HAZEL held that the lamps manufactured by the defendant were identical with the plaintiff's lamp, and the similarity so close as to make it probable that buyers would be deceived into believing that they were buying complainant's lamp without any other misrepresentation and that, in his opinion, the imitation was intentional. In fact, the decree itself states that the infringing lamp was "so similar in appearance to said complainant's lamp, as to make it probable that buyers may be deceived into believing that they were buying the complainant's lamp, without any other representation."

The defendant appealed and asked to be relieved from an accounting or, at least, that the account be limited to the damages actually sustained and proved by the complaint. (The precise point involved in this petition.) *The Circuit Court of Appeals considered this request reasonable and proper, and granted it. It says:*

"The testimony that the defendant, or its agents, attempted to palm off its lamps as Rushmore lamps, is unsatisfactory and unconvincing.

We are also convinced that the great majority of the defendant's lamps were sold on their merits and on the established reputation of the defendant, without any reference to the complainant's lamps. *To award the entire profits made on the sales of defendant's lamps without proof of actual fraud on its part would be inequitable.* An accounting covering the entire field of the defendant's sales would involve both parties in a long and expensive examination unwarranted by the probable results. *It seems to us unfair that the complainant should recover profits on the sale of lamps by the defendant to persons who never heard of Rushmore, and were well aware that the lamps they bought were made by the defendant, and who bought them because they were so made.*

A DECREE FOR PROFITS AND DAMAGES DOES NOT NECESSARILY FOLLOW A DECREE FOR AN INJUNCTION . * * * See, also, *Fairbank Co. v. Windsor*, 124 Fed., 200, 61 C. C. A., 233. We think the accounting should be limited to sales where it is shown by direct or presumptive evidence that the complainant would have sold the lamps but for the sale by the defendant." (Italics are ours.)

The same theory as to the damages is elaborated in full by Judge DENISON, speaking for the Circuit

Court of Appeals of the Sixth Circuit in *G. & C. Merriam Co. v. Saalfeld* (July, 1912), 198 Fed. Rep., 369, where he says:

"We think the controlling question must be whether a sale was the result of the misleading. In a patent case and in determining the patentee's right to the infringer's profits, the loss of the sale of the complainant patentee is not vital. He may recover profits even if he had not been manufacturing and would have been then unable to make the sale; and this is because he had a monopoly in the article itself. Not so regarding a trade-mark and the right to protection against unfair competition; these rights are only incidental to an existing business; they cannot be independently injured or suffer damages; they do not create any monopoly in the article itself; there can be no damage in connection with violation of these rights, except as there is injury to the business and good-will; *and these damages can be only through loss of sales which otherwise would have accrued to the injured business.*"

In *Apollo Bros., Inc. v. Perkins* (Circuit Court of Appeals, Third Circuit, 1913), 207 Fed. Rep., 530, Judge RELLSTAB says as follows, at page 533:

"The action to protect trade-mark rights, whether at law to recover damages, or in equity to restrain further infringement, is founded on a false representation. A technical trade-mark, registered or unregistered, is treated as property, and an infringement thereof carries with it the presumption of fraud; but where no such exclusive right to the use of such trade-mark exists, a technical trade-mark right is not established, and fraud—unfair competition—in the use of the mark must be proved. *Elgin Watch*

case, *supra*; *Siegert v. Gandolfi*, 149 Fed., 100, 79 C. C. A., 142."

In the case of

Wolfe Bros. Co. v. Hamilton-Brown Shoe Co., 8th Circuit (1913), 206 Fed. Rep., 611,

in which case a writ of certiorari was granted by this Court to review a judgment for the damages consisting of all the profits made by the defendants, it appeared that the parties did business in the same territory and that in one State at least the complainant's business immediately fell off when the rival trade-name entered the field. At page 615, the Court expressly found that "actual confusion in the minds of the consuming public was shown and damage to complainant is legitimately to be presumed."

In the case at bar the record discloses that during the period that your petitioners' label and the respondent's label were first used respondents increased *their business from approximately \$60,000 a year to \$250,000 a year*, whereas there is no marked increase shown in the business of petitioners at all. Respondent's business furthermore *increased in the City of New York (where if at all your petitioners competed) in precisely the same proportion that it did in the South and the West where your petitioners did not compete at all.*

Your petitioners further call attention to the fact that according to the Special Master's decision (fol. 86, p. 29) the respondent did not attempt to prove any damages and waived any claim for damages, but has elected to recover the profits made by your petitioners. The choice of damages or profits

is expressly given by statute to the owner of the patent, but has never been given to the successful complainant in actions for unfair trade.

Your petitioners repeat in the absence of any proof of confusion of goods, loss of sales, substitution of goods, or actual fraud on their part, the award of damages to the respondent and the measure of damages adopted, was wholly contrary to the decisions of this Court, and at variance with decisions of the Circuit Court of Appeals of the Second Circuit, and of the Circuit Court of Appeals of other Circuits, and if it be allowed to stand it will throw the law upon a subject of great importance and of vital interests to merchants and dealers into great confusion and uncertainty.

And furthermore, your petitioners submit that if on the argument of the case of *Hamilton-Brown Shoe Company v. Wolfe Bros. Co.* (in which a writ of certiorari has been granted), this Court should determine that damages had been erroneously awarded, or that a wrong measure of damages had been established, there is grave and serious danger that unless a writ of certiorari be granted in this case in which precisely the same questions are in part involved that your petitioners will be compelled to wrongfully pay large sums of money without any redress, and without being able to take advantage of the benefits of a decision of this Court establishing a different rule for the award of damages than was adopted by the Circuit Court of Appeals, Second Circuit.

III.

Even if the rule in patent and copyright cases as to damages were applicable, the decision is erroneous in awarding all profits made by your petitioners in the absence of proof of how much, if in any respects at all, the label contributed to the sale of the article.

The respondent makes no claim of novelty in packing or folding their hosiery, excepting insofar as the coloring and shape of labels, fillers and cards is concerned.

There is no claim of similarity between the fanciful names adopted, that is, between "Notaseme" and "Irontex."

There is no claim that your petitioners' full-fashioned hose, or hose with seams, is intended as a substitute for or sold in competition with hose without a seam, except as in the ordinary course of business.

Hosiery without seams is sold by many other manufacturers than the respondent. The trade-mark registered by the Notaseme Hosiery Company in May, 1909, was a square, diagonally transversed from the upper left-hand corner to the lower right-hand corner by a black band, and the upper and lower triangular panels being red. That trade-mark in that form was never used without the word "Notaseme" printed across the band in white script, either before the reorganization of the company into the Notaseme Hosiery Company or thereafter.

A rectangular label was attached to the end of the box in which hose were packed, on which the name "Notaseme" appeared. On your petitioners'

goods the direction of the black diagonal band was reversed, but the name "Irontex" appeared. The name "Notaseme" distinctly indicates the name of the goods, that is, seamless hosiery. The name "Irontex" indicates wearing quality, and the goods on the merest inspection show that they are with seams.

Your petitioners respectfully submit that where, as in this case, the label is a small nonfunctional, nonessential part of the labeling or dressing of the goods, the complainant was not entitled to all the profits made by your petitioners upon goods so dressed, in the absence of any proof that the label, apart from the arbitrary words inscribed on the black band, in the slightest degree contributed to the sale of the goods.

In

Westinghouse v. Wagner (1911), 225
U. S., p. 604, at pp. 614-615,

Justice LAMAR lays down the circumstances under which *all the profits* can be claimed by a patentee, as follows:

"(a) Where the infringer has sold or used a patented article, the plaintiff is entitled to recover all of the profits.

(b) Where a patent, though using old elements, gives the entire value to the combination, the plaintiff is entitled to recover all the profits. *Hurlbut v. Schillinger*, 130 U. S., 472.

(c) Where profits are made by the use of an article patented as an entirety, the infringer is liable for all the profits 'unless he can show—and the burden is on him to

show—that a portion of them is the result of some other thing used by him.’ *Elizabeth v. American Nicholson Pav. Co.*, 97 U. S., 127.

(d) But there are many cases in which the plaintiff’s patent is only a part of the machine and creates only a part of the profits. His invention may have been used in combination with valuable improvements made, or other patents appropriated by the infringer, and may have jointly, but unequally, contributed to the profits. In such case, if plaintiff’s patent only created a part of the profits, he is only entitled to recover that part of the net gains. He must therefore ‘give evidence tending to separate or apportion the defendant’s profits and the patentee’s damages between the patented feature and the unpatented features, and such evidence must be reliable and tangible, and not conjectural or speculative; or he must show, by equally reliable and satisfactory evidence, that the profits and damages are to be calculated on the whole machine, for the reason that the entire value of the whole machine, as a marketable article, is properly and legally attributable to the patented feature.’ *Garretson v. Clark*, 111 U. S., 121.”

The syllabus states that the burden rests upon the patentee of showing what part of the commingled profits are attributable to the use of his invention by merely proving the existence of such profits and the impossibility of accurately separating them from those arising out of the defendant’s additions, and that the burden of making that separation then shifts to the defendant.

If the addition of any label to the box in which the goods were packed did in any way contribute

to the sale of the "Irontex" hosiery, no attempt was made to prove it, and there are no facts in evidence from which such an inference can be drawn, and complainant has wholly failed to bring himself within the rules for the recovery of damages laid down by Mr. Justice LAMAR.

See also:

Dobson v. Hartford Carpet Co., 114 U. S., 444-446.

Merriam Co. v. Ogilvie (First Circuit), 170 Fed. Rep., 167.

J. F. Rowley Co. v. Rowley (3rd Circuit), 193 Fed. Rep., 390-393.

Appollo Bros. v. Perkins (3rd Circuit), 207 Fed. Rep., 530-533.

Rathbone, Sard & Co. v. Champion Steel Range Co. (6th Circuit), 189 Fed. Rep., 26.

All of which cases, your petitioners respectfully submit, established a contrary rule to the one adopted by the Circuit Court of Appeals, Second Circuit, in the case at bar.

Your petitioners believe that the decree of the Circuit Court of Appeals in the case at bar is erroneous and in conflict with the decisions of this Court and other Courts of Appeal on the several points hereinbefore mentioned, and which your petitioners believe to be points of grave importance to the mercantile community, in as much as thereby merchants who in innocence and good faith have adopted labels or designs in utter ignorance of their similarity to other labels or designs, may, by a mere notice that priority in that design is claimed by some one else, be compelled to abandon labels made known to a community through their efforts,

or if they do not so abandon be condemned as fraudulent merchants and compelled to pay heavy damages without injury having been shown to the claimant. And your petitioners therefore submit that in the interests of the uniformity of decisions, as well as for the purpose of finally settling and determining questions of great public interest, this Court should order this case certified up to it for a decision, and settle the conflict that now exists between the various Circuit Courts of Appeals, and establish the law upon a most important branch of commercial practice.

WHEREFORE, your petitioners respectfully pray that a writ of certiorari may be issued out of and under the seal of this Court directed to the United States Circuit Court of Appeals for the Second Circuit, commanding the said Court to certify and send to this Court on a day certain to be therein designated, a full and complete transcript of the record of all proceedings of said Circuit Court of Appeals in the said case therein entitled "The Notaseme Hosiery Company, complainant-appellee, against Isidor Straus and Nathan Straus, trading as R. H. Macy & Company, defendants-appellants," and which was in equity number 285 on the October Term, 1913, of said Court, to the end that the said case may be certified and determined by this Court as provided in Section 240 of the Acts of Congress entitled "An Act to Codify, Revise and Amend the Laws Relating to the Judiciary," approved March 3rd, 1911.

And your petitioners further pray that if the writ of certiorari be granted and issued as herein prayed for, that the *supersedeas* bond heretofore given upon the appeal from the decree entered pursuant to the decision of the Circuit Court of Ap-

peals to the Second Circuit, be directed and permitted to stand as a *supersedeas* bond in this proceeding, for the purpose of staying the execution of the judgment below in the event that this Court should decide that it had no jurisdiction to entertain said appeal, or that this Court make such other and further order in the premises for the purpose of staying the execution of said judgment as may be just and proper.

And your petitioners further pray that the said judgment of said Circuit Court of Appeals in the said case and every part thereof may be reversed by this Court, and that your petitioners may have such other and further relief or remedy in the premises as to this Court may seem appropriate and in conformity with the Judiciary Act.

And your petitioners will ever pray.

EDMOND E. WISE,
Solicitor and Counsel for Petitioners.

STATE OF NEW YORK, }
CITY OF NEW YORK, } ss:
COUNTY OF NEW YORK, }

EDMOND E. WISE, being duly sworn, says that he is the solicitor and counsel for the petitioners, R. H. Macy & Company; that he prepared the foregoing petition and that the allegations contained therein are true, as he verily believes.

EDMOND E. WISE.

Sworn to before me this
10th day of September, 1914.

ISAAC LANDE,
(Seal) Commissioner of Deeds, No. 94.
New York City.

SUPREME COURT
OF THE UNITED STATES,
October Term—1914.

IN EQUITY.

ISIDOR STRAUS and NATHAN
STRAUS, trading and doing
business under the firm name
and style of R. H. MACY &
Co.,

Petitioners,

vs.

NOTASEME HOSIERY COMPANY,
Respondents.

**Brief in Support of Petition for Writ
of Certiorari.**

In addition to the facts set forth in the petition for the writ, it is respectfully submitted to this Court that the record overwhelmingly discloses R. H. Macy & Co.'s innocence of any fraudulent or corrupt purpose in the adoption of the "Irontex" label, and the total absence of any confusion of their goods with those manufactured by the Notaseme Hosiery Company, or, in fact, any competition between them. If such confusion had existed, or if R. H. Macy & Co. had been guilty of wrongful substitution, there certainly would not have been the slightest difficulty in presenting proper proof of the fact.

It appears from the record that some time in the

early part of 1908 R. H. Macy & Co. adopted the trade name of "Irontex" for a full-fashioned stocking, or stocking with seams, which, on account of a linen spliced thread, was supposed to have extra wearing quality, and for which the name "Irontex" was adopted. The method by which that name was adopted is shown in answer to Q. 59, page 188. After the name was adopted the manufacturer of the hosiery was requested to submit a design to be used as the top label and end label on the box. The manufacturer submitted a number of labels, and the manager of the department at Macy's adopted one which he thought attractive (Q. 60, *et seq.*, 188). At that time he had never seen the "Notaseme" label, or heard of the "Notaseme" sock (Qs. 73, 74, p. 189). Macy's goods were immediately advertised in the Metropolitan press; between \$2,000 and \$2,225 was spent the first year (Q. 120, p. 193). It appears, although it was not known at the time, that Mr. Pfingst, the proprietor of the Lee Hosiery Company, who manufactured the goods for Macy's and submitted the design of the label to them, did not produce the design himself, but requested an engraving house in Philadelphia to make that design. (See testimony of George B. Pfingst, pp. 171-174). Mr. Pfingst received the design, *which was different from any other label he had seen* (XQ. 48, p. 174). It seems that the same designer had prepared the "Notaseme" label (see letter, Complainant's Exhibit 24, p. 167). The bill for the same was sent in October, 1907, while the "Irontex" label was billed in March, 1908. Neither Mr. Pfingst nor anyone in behalf of R. H. Macy & Co. was aware of this fact at that time, nor for a number of years thereafter.

At the time that the "Irontex" goods were placed on the market at retail in New York City, the

Milander-Newman Co., the predecessor of the Notaseme Hosiery Co., had not begun to do business in New York, but had opened in the South and through New England (XQ. 85, p. 113). Their application for a trade-mark had been denied by the patent office because it contained as its most conspicuous feature the word "Notaseme," and their trade-mark was in fact not registered until May, 1909, a year later, when it was registered without the name written on it, though it was never used without the name. Four days after registration the name Notaseme Hosiery Company was adopted.

Until December, 1909, eight months after that registration, and for twenty one months after "Irontex" goods were placed on the market, the Notaseme Hosiery Company permitted Macy & Co. to remain in ignorance of any alleged infringement of the labels. During that period Macy's largely advertised the "Irontex" goods in the Metropolitan papers, sold large quantities of them on their own merits and not on any supposed similarity to anybody else's goods. It must be borne in mind that all hosiery is packed in boxes with distinctive labels, binders and fillers (p. 112, XQ. 60), and furthermore, that hosiery is usually sold under a distinctive name (XQ. 93, p. 114).

If the coloring and shape of the label had any influence on the sale of "Irontex" hosiery, is it not more than likely that the advertisements and display of R. H. Macy & Co. created that value in the City of New York, where they did business and are well known, to a much greater extent than the efforts of the Notaseme Hosiery Company, which was just beginning to enter that territory?

Under these circumstances can R. H. Macy &

Co. be justly charged with unfair competition, with all that that term implies, because they refused to discontinue that label at the request of the Notaseme Hosiery Co., and can they in equity and justice *be charged with the profits on the goods that they thereafter sold through their own efforts, on their own merit, advertised as their own exclusive make, merely because an attractive label had been submitted and innocently adopted by them, the design for which the printer thereof had treacherously stolen from some other manufacturer, without the aid, connivance or knowledge of R. H. Macy & Co., their agents or manufacturers?*

Although a claim was made by one of the witnesses for the complainant that a number of people had complained that they had bought "Irontex" hosiery at Macy's, misled by the labels, only one witness made an abortive attempt to prove any substitution, but his testimony was so weak, unreliable and untrustworthy that it cannot possibly be deemed to sustain that charge. This witness was a salesman in the employ of the complainant. He bought a box of "Irontex," which was introduced in evidence as "Complainant's Exhibit, Defendants' Box." At page 85, XQ. 23, he states the purchase was made on April 12th, 1909. At page 92, XQ. 135, he claims the purchase was made April 12th, 1910, a year later. One of the officers of the complainant told him during recess that the year was 1910, and this refreshed his recollection. Of course, it is obvious that this date was important, because if the purchase was made April 12th, 1909, it was made *before* the registration of the complainant's trade-mark; if in 1910, it was made *subsequent* thereto. As to this purchase, witness was not clear as to whether the salesgirl represented

the hose as "Notaseme." The salesgirl herself is emphatic in denying any substitution or misrepresentation (Q. 18, p. 198). On July 19th, 1910, he bought another pair of hose at Macy's, and wrote a report of what happened at that time. A report from an employee to his employer, written without the knowledge of defendants, would certainly not seem to be competent proof of anything therein contained, though it might be used to refresh the recollection of the witness, but even if it were admissible in evidence, Keefe, who wrote the letter, failed to give any evidence to verify its contents. That letter is as follows:

"July 19, 1910.

"Notaseme Hosiery Co.

Gentlemen:

Enclosed herewith are two pairs of stockings (socks) bought at Macy's to-day. In purchasing these I went in and asked the clerk for Notaseme socks. The formula used on both occasions was as follows:

I said, 'I want a pair of Notaseme half-hose.'

The girl said, 'What size?'

I answered, '10½.'

She then asked, 'What color?'

I said, 'Black.'

In purchasing the second pair I was accompanied by a friend who paid particular attention to every word I said.

I said, 'I want a pair of Notaseme socks.'

She said, 'What size?'

I said, '10½.'

She asked, 'Black?'

The only difference in the conversation was that the second girl suggested the color. I had Mrs. Keefe go in with the box end and will write you this evening about it.

Be careful to preserve these enclosures for the memoranda made on them were made at the time and are valuable because they may be used as exhibits.

If I had more time I could prepare a more elaborate trap for them.

Keep this letter, as I may need it to refresh my memory should the case reach a trial.

Yours truly,

WM. KEEFE."

(Italics are ours.)

Before that letter had been introduced in evidence the following examination had taken place (p. 90) :

"XQ. 97. Will you please state distinctly whether any stockings that you bought there at Macy's in the years 1908, 1909, 1919, or at any other time whatsoever were sold to you as Notaseme socks? A. Yes.

XQ. 98. Where is that sock? A. I don't know.

XQ. 99. What sock was it? A. I do not know.

XQ. 100. Whose manufacture was it? A. I do not know.

XQ. 101. Whose label was on it? A. I do not know.

XQ. 102. When was it bought? A. I do not know.

XQ. 103. In what year was it bought? A. About a year ago.

XQ. 104. Who was with you when it was bought? A. I do not know.

XQ. 105. Do you refer to a man named Tuckman? A. No. ?

XQ. 106. He was not with you? A. I could not say.

XQ. 107. What did you do with the

socks? A. Mailed them to the Noatseme Hosiery Co.

XQ. 108. You made a report of it? A. Yes.

XQ. 109. Did you send it in the same form that you sent 'Complainant's Exhibit, Defendants' Box,' with the sales ticket inside? A. I probably did.

XQ. 110. Was it an Irontex sock? A. I could not say.

XQ. 111. Have you read over your reports to the house since this action was begun? A. No."

After the introduction of that letter this testimony was read to the witness (p. 99, XQ. 41), and he was asked to explain the same. He was then asked the following questions (p. 100):

"RXQ. 66. Now, what was the name of the man that went with you? A. Tuckman.

RXQ. 67. Tuckman was the man who went with you? A. Yes.

RXQ. 68. And at the last hearing you could not remember whether he went with you or not? A. No.

RXQ. 69. What refreshed your recollection as to that? A. My memory.

RXQ. 70. Your memory has been revived? A. Yes.

RXQ. 71. Please give the gentleman's full name and address? A. I do not know his full name, and I do not know his address.

RXQ. 72. Do not know where he lives? A. No.

RXQ. 73. What business is he in? A. Advertising man.

RXQ. 74. With whom? A. At that time he was with Paris Modes.

RXQ. 75. That is an advertising house? A. No, that is a fashion book.

RXQ. 76. Where is that published? A. In New York, I think.

RXQ. 77. What was Tuckman's connection with them? A. Advertising solicitor.

RXQ. 78. You do business with them? A. No.

RXQ. 79. Is he still with that concern? A. I do not know.

RXQ. 80. How long since you have seen him? A. I could not say—since September or October.

RXQ. 81. You are not in the habit of seeing him frequently? A. I have not seen him frequently.

RXQ. 82. But you are sure that was the man who went with you? A. Yes.

RXQ. 83. And went with you at the time you were laying this trap? A. Yes.

RXQ. 84. And you took him along as a witness? A. Yes.

RXQ. 85. And you do not know his full name? A. No, I do not know.

RXQ. 86. And you do not know his business address? A. I do not.

RXQ. 87. And you do not know his private address? A. I do not.

RXQ. 88. Did you take any memoranda from him as to what had happened? A. No.

RXQ. 89. Mr. Keefe, do you wish us to understand that in an attempt to secure evidence on what you considered a very material point, you secured the attendance of a witness who paid particular attention to every word you said, and then you omitted to take that friend's full name, his business address or his residence? A. Yes."

As a matter of fact, that purchase introduced in evidence as one of complainant's exhibits WAS NOT "IRONTEX" HOSE AT ALL (XQ. 7, p. 204).

The "trap" was laid by the witness Keefe on July 19th, 1910, seven months after Macy's had refused to abandon their "Irontex" label at the request of the Notaseme Hosiery Company. If his report of what occurred at that time had been the

truth, is there the slightest doubt that his friend Tuckman would have been produced to verify his report? The fact that a presumably disinterested person, specially selected as a witness in a carefully planned trap, is not produced, nor his absence explained, fairly supports the presumption that he would not have corroborated the written report.

Not a single witness, other than Keefe, was produced who directly or indirectly established misrepresentation, substitution or confusion of "Iron-ter" hosiery for "Notaseme" hosiery, although ample opportunity was given in the hearings before the Special Master to supply such proof if it existed.

The District Court, the Circuit Court of Appeals and the final decree entered by the complainant, eliminate all questions of trade-mark from the case; it is, therefore, unnecessary to discuss whether the mark as registered is a valid trade-mark, or whether its use in different shapes, or in the form in which it originally was refused registration, affect its validity or the rights of the owner thereunder, or whether it was inequitably used by the complainant.

The Circuit Court of Appeals granted relief solely on the ground of unfair competition, persuaded by the similarity of the labels and the alleged priority of the complainant's claim, determined that the "general impression made by the defendants' label upon the eye of the casual purchaser would be likely to result in his confounding the defendants' goods with those of the complainant." The fact is that for a period of five years the rival labels were in the market actively advertised and pushed, and there is a total and complete absence of any proof

of such confusion. If that decision had been followed by injunctive relief solely, the discontinuance of the "Irontex" label, though a hardship, would not have been a serious consequence, in view of the express exoneration of any fraudulent intent or deception contained in the opinion of the Court. If the decree finally entered had awarded damages consisting of Macy's profits on all goods sold either through fraudulent representation, or as the result of confusion with, or substitution for, "Notaseme" hosiery, the petitioners would have no sufficient cause to complain.

But when no attempt is made to prove any fraud, confusion or substitution, other than hereinbefore referred to, and all the profits on "Irontex" hosiery from the date of the notice received by Macy's that its labels resembled those of the "Notaseme" hosiery, are awarded to the complainant, practically as a penalty for fraudulent practices (for all the authorities determine that in unfair trade damages only follow from fraud, either actual or inferred from the circumstances), your petitioners were bound to make every effort to relieve themselves from what practically amounts to a fine, and from the stigma of commercial fraud, when, as is claimed by the petitioners herein, the decree condemning them is contrary to every principle of law, both as to unfair trade and the measure of damages in unfair trade, laid down in the decisions of this Court, of the various other Circuit Courts of Appeal, and of the Circuit Court of Appeals of the Second Circuit itself, as pointed out in the cases cited in the petition.

The questions presented by the petition affect the whole commercial community, and in view of the conflict of decisions, it is important that the

mercantile community be provided with a standard of conduct, and therefore, in the interests of uniformity of decision, the petitioners pray that a writ of certiorari be granted as prayed for in the petition filed herewith.

September 10th, 1914.

Respectfully submitted,

EDMOND E. WISE,
Counsel for the petitioners,
R. H. MACY & Co.

Supreme Court of the United States

OCTOBER TERM, 1914.

ISIDOR STRAUS and NATHAN STRAUS, Com-
posing the Firm of R. H. MACY & CO.,
Petitioners,

vs.

NOTASEME HOSIERY COMPANY,
Respondent.

On Petition for Writ of Certiorari, Directed to the
United States Circuit Court of Appeals for the
Second Circuit.

Respondent's Brief in Opposition to Petition for Certiorari

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SYNOPSIS

I.

The decree is based on unfair competition only and not the trade-mark and moreover involves a wilful and fraudulent competition continued after actual notice. This appears from the following extract from the first opinion of the Court of Appeals (Record page 1):

"As we are of the opinion that the complainant may obtain adequate relief upon its charge of unfair competition, we think it unnecessary to examine the charge of trade-mark infringement."

II.

That the infringement was wilful and continued after actual notice, also appears from the same opinion (Record page 2):

"The testimony shows that the complainant's label came into use six months before that of the defendant's. It also shows that the engraving company which prepared the complainant's label, designed that of the defendant's. The inference is strong that the latter was actually copied from the former, and this inference is supported by comparing them. Each label is a rectangular design, having a diagonal black band with white script and triangular red panels. There is nothing to

show that the defendants themselves knew at first of any similarity in the labels, but they were notified afterwards and continued the use."

III.

The petitioners' intent to deceive also appears from the opinion of the trial Court on the exceptions to the Master's report (Record page 40):

"The Court of Appeals was clearly of the opinion that a case of unfair competition had been made out. * * * * *

"Mere inspection of the two labels with their panels and contrasting colors showed quite satisfactorily that the designer of the later label tried to make it so nearly like the earlier one that it would be likely to deceive purchasers. So close a copy of an earlier design is not often seen; manifestly it was not accidentally produced, it was devised with some intelligent purpose, and there is no evidence which would warrant the conclusion that such purpose was other than that which the Court of Appeals has found, viz., an attempt to compete unfairly with the owner of the earlier label."

IV.

Finally, the wilful and fraudulent intent in petitioners' unfair competition after actual notice appears in the second opinion of the Court of Appeals, affirming the decree of the trial Court on exceptions to the Master's report as follows (Record page 60):

Notaseme
TRADE MARK

Complainant's
Label

REG. U. S. PAT. OFFICE

Qrontex
TRADE MARK

Defendant
Label



"The defendants' appeal, on the ground that profits in cases of unfair competition are recoverable only when there is intentional fraud. Assuming this to be so, we are, in view of our previous decision, compelled to find that there was fraudulent intent.

The decree is affirmed (215 Fed. 361)."

V.

The decisions are uniform that actual, intentional and wilful, unfair competition, especially after notice, is punishable by forfeiture of defendants' profits in the nature of punitive damages; however, the law may be as to cases of unfair competition based on mere presumption of deception arising from similarity of labels or other trade insignia.

VI.

Infringement of an exclusive trade-mark is a violation of a property right, and diverts from the plaintiff the profits which defendant, on the principle of trustee, made on the articles marked with the spurious mark, precisely as in the case of a patent infringement.

VII.

Unfair competition on the other hand, is a trespass; it infringes no exclusive property rights; actual damages are recovered only, ordinarily, and these must be proved as in all cases of trespass of

such a right; but when the trespass is wilful, intentional and with fraudulent intent, after notice, punitive damages may be allowed, as in the case of a patent or trade-mark infringement; and these are measured by the defendants' profits, as is the uniform rule. The decree below in the case at bar is based upon a finding of actual, wilful and fraudulent competition after actual notice.

VIII.

Eight Federal Judges of the Second Circuit, have directly or indirectly passed on all the questions presented to this Court, and all adversely to petitioners, viz., Judge Lacombe, Judge Ward, Judge Noyes, Judge Coxe, Judge Rogers, Judge Hazel, Judge Hand and Judge Mayer.

Supreme Court of the United States

OCTOBER TERM, 1914.

ISIDOR STRAUS and NATHAN
STRAUS, composing the
firm of R. H. MACY &
Co.,

Petitioners,

vs.

NOTASEME HOSIERY Co.,

Respondent.

ON PETITION FOR
WRIT OF CERTIO-
RARI, DIRECTED TO
THE UNITED STATES
CIRCUIT COURT OF
APPEALS, FOR THE
SECOND CIRCUIT.

No. 540.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI.

This was a suit in equity brought by respondent to restrain (a) infringement of a trade-mark registered under the Act of 1905, and (b) unfair competition in trade, respondent being plaintiff below, and petitioners the defendants.

The judgment herein was rendered in a case and in regard to questions as to which under the Judi-

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ciary Act of 1891 the action of the Court of Appeals is final.*

The first opinion of the Court of Appeals (Record, page 1, 201 Fed. 99), found petitioners guilty of *intentional fraud*. The case thereafter went to a Master, Judge Lacombe, modifying and confirming the Master's report, again found petitioners guilty of *fraudulent intent* for the illegal use of respondent's trade-mark and label *after notice* (Record, page 40, 209 Fed. 495).

The second and last opinion of the Circuit Court of Appeals affirmed Judge Lacombe's opinion, (which confirmed the Master's report), and again found petitioners guilty of *intentional fraud* (Record, page 60, 215 Fed. 361). Consequently, *on two occasions*, the Circuit Court of Appeals has passed upon the questions raised by petitioners, and found as a *question of fact*, that petitioners had been guilty of *fraudulent intent* (Record, page 1), and that consequently, respondent was entitled to petitioners' profits for the illegal use of respondent's trade-mark and label *after notice*, said profits being recoverable only when there is wrongful intent or when the facts or circumstances justify that inference from the inevitable consequences of the act complained of. All the Circuit Judges of the Second Judicial Circuit, Judge Lacombe, Judge Coxe, Judge Ward, Judge Noyes, and Judge Rogers, have passed directly or indirectly on all the questions raised by

* *The petition for the writ in this case is thirty-two pages long, and seems to be a non-compliance with paragraph 3 of Rule 37 of this Court, which requires such a petition to contain only a summary and short statement of the matter involved.*

petitioners, and adversely to them. The sole issue involved in this suit, which petitioners seek to have this Court review, is a *question of fact*, of importance only as between the parties.

The *question of fact* found by the Circuit Court of Appeals for the Second Circuit (Judge Coxe, Judge Ward and Judge Rogers) was that the petitioners had been guilty of *intentional fraud*, by continuing their use of respondent's label and trade-mark *after notice*. Therefore respondent was entitled to their profits from the tort, the judgment awarded being \$9,839.73 with interest and costs (Record, page 60).

It is submitted that this Court should not issue a writ of certiorari for the purpose of reviewing *findings of fact*, there being no dissent in the opinion of the Circuit Court of Appeals for the Second Circuit (215 Fed. 361, Record, page 60), said opinion being in full accord with the opinion below. Nor should this Court issue its writ for the purpose of passing upon other questions, the determination of which is necessary to the decision of the case, unless the findings of fact are to be disturbed.

The instant case is widely differentiated from *Wolf Bros. & Co. vs. Hamilton-Brown Shoe Co.*, 206 Fed. 611, now before this Court on certiorari, since in that case there was dissent in the Circuit Court of Appeals, one Judge holding that the award was too small, another that it was too large, and the other Judge being doubtful about the measure and amount of recovery, there being no concurrence or distinct finding on the question of fact, as here, as to the extent of the petitioners' wilful and fraudulent intent in their unfair competition *after actual notice*. The recovery ordered in the instant case was based on a finding of wilful and fraudulent unfair competition *after notice*, following the rule laid down by

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the Court of Appeals of the Third Circuit, in the recent case of *Sharpless Co. vs. Lawrence*, 213 Fed. page 423, see page 426:

"It is true, however, as contended by the plaintiffs below, that courts of equity, in granting injunctive relief, in cases of unfair competition, have sometimes decreed that the plaintiffs should recover of defendant, not only damages, but the profits, gains and advantages that have accrued to the defendant by reason of his unfair competition. Such an enlargement of the scope of the decree is generally made on the ground that the unfair competition is adjudged to have been *wilful and fraudulent*, and the recovery of profits in such case is a punitive addition to the ordinary decree of compensatory damages."

Further, in the present case, there is involved no question of "peculiar gravity and general importance" such as referred to in *American Company vs. Jacksonville*, 148 U. S. 372, and the other cases, such as *In re Woods*, 143 U. S. 206 and *Law ow Bew's cases*, 141 U. S. 583, 144, U. S. 47.

The case at bar further lacks all the elements enumerated by this Court, in *Forsyth vs. Hammond*, 166 U. S. 514, as being necessary to warrant granting the writ. The doctrine reiterated broadly therein was that this Court would alone grant this writ, first, only in cases of great importance, second, in cases of difference of results between two or more Circuit Courts of Appeal or between such a Court and a State Court and, third, in cases which effect some interest of this nation.

No question of the construction or validity of any Federal or State statute is involved here. No con-

stitutional question or matter affecting the interests of the nation in its internal or external relations is involved. There is no dissent in the opinions of the Circuit Court of Appeals, and no conflict between different courts of appeals. All five of the Judges of the Court of Appeals who decided this case were of equal rank, and all were unanimous in their denunciation of petitioners' acts.

STATEMENT OF CASE AS TO PARTIES.

Respondent, Notaseme Hosiery Company (plaintiff-below), is a Pennsylvania corporation having its principal place of business in Philadelphia, its business being the manufacture and sale of hosiery. It has invested large sums of money in its business and from the beginning of the establishment of the industry in 1907 by respondent's predecessors, it adopted as a rule and guide, a high standard of excellence in its hosiery products and adopted also certain trade-marks and trade-names for its hosiery by which they were made known to the trade, and under which respondent has built up the successful business now conducted by it. Respondent's trade-mark on which this action is based is No. 73,597, registered May 4, 1908 (Record, page 238). The petitioners in this case (defendants-below), are rival manufacturers and sellers of hosiery in New York, R. H. Macy & Co., who appear to have been engaged for many years in the buying and selling of hosiery under marks and indicia of their own, but who in the spring of the year 1908, for some reason, adopted for their hosiery, a practical duplicate of respondent's trade-mark and label, R. H. Macy & Co.'s copy of respondent's mark and label coming on the

10 *Statement of Case as to Subject-Matter*

market some six months after the adoption of the same by the Notaseme Company (Record, page 2).

There was no reason in the spring of the year 1908 why the petitioners should not continue the manufacture and sale of their line of hosiery, but there was every reason in so doing, why they should avoid copying and simulating the trade-marks and labels of the respondent.

STATEMENT OF CASE AS TO SUBJECT-MATTER.

The particular trade-mark adopted by the respondent's predecessor and thereafter used by respondent and applied to all its goods beginning in October, 1907, was the symbol seen facing page 238, of the record, comprising a rectangle divided by a diagonal, black bar, thereby forming triangular upper and lower panels printed in red.

The actual label employed by respondent (plaintiff-below) had printed on the diagonal black bar thereof, the word "Notaseme" in white script, which latter word is the predominant feature of respondent's corporate name, Notaseme Hosiery Company. Plaintiff's trade-mark, so selected and adopted, was peculiar and distinctive in itself without semblance to any known mark. The mark shows for itself that it has not the slightest relation to the hosiery industry.

Not only was the selection of respondent's mark curious and arbitrary, but its manner of application also was unique and arbitrary, as it was placed on the ends of the cartons, boxes or packages of hosiery as well as within the same with distinctive labels, binders and fillers, and its vivid red, triangular

panels, divided by the diagonal black bar having the white script thereon, formed a very unique and curious eye object, impressive in itself and attractive to all who of necessity noted its application. The mark was registered, as shown by the certificate (Record, page 238), without the word "Notaseme," (the application for the registration of the latter word being now pending in the Department).

The petitioners' (defendants') enjoined mark and label, briefly described, consisted, like respondent's, of a rectangle, divided by a diagonal black bar, thereby forming triangular upper and lower panels printed in red, and on said diagonal black bar appears the name "Irontex" in white script, all in simulation of plaintiff's label. Petitioners placed their enjoined mark and label on the front of their hosiery boxes, and within the same, in substantially, if not identically, the same manner as respondent, and petitioners' label, which is almost a Chinese duplicate of respondent's label on which ten thousand dollars were spent in advertising in NEW YORK CITY ALONE, in three years' time, was unquestionably the thing that caught the customer's eye (Record, top of page 110 and page 118). Petitioners' salesgirl, says (Record, top of page 202):

"A. We have a great many customers who don't pronounce the name of 'Irontex.'"

XQ. 7. They sort of recognize the sock by the label?

A. Yes, by the label."

Plaintiff advertised largely in the New York street cars and other media (Record, page 105), and there are numerous instances of sales being effected by the respondent's very attractive label (Record, top of page 118).

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Furthermore, another of petitioners' salesgirls, testified that she had noticed plaintiff's label advertised in the street cars (Record, middle of page 205), and she also said that petitioners' customers recognized the color of the label on the end of the boxes, making a specific reference to Defendants' Exhibit E (Record, top of page 205), which does not even have petitioners' name thereon, but is almost a Chinese duplicate of plaintiff's label, on which *ten thousand dollars were spent in advertising in New York City alone.*

On page 5 of their petition, they charge plaintiff and its predecessor with possessing no business, good-will or trade-name, which is manifestly untrue. During the first three years' existence, plaintiff did around half a million dollars worth of business, selling around three million pairs of hosiery, coupled with their trade-mark and the catchy red and black label thereon, and spent between twenty and twenty-five thousand dollars in advertising, *half of this amount being spent in New York City alone*, where the parties were in active competition (Record, pages 105, 106 and 134), the first year's business being divided between NEW YORK (Record, page 136), New England and the South.

On pages 6 and 7 of their petition, they say the petitioners never heard of respondent's goods nor their packing until November, 1909, whereas their witness, Bradford, the manager of their hosiery department, bought children's hosiery from respondent or its predecessor in the spring of 1908 (Record, page 225).

We present here for comparison and inspection by the Court, on the plate facing this page, respondent's "Notaseme" trade-mark and label (top of the plate), and the simulation or copy thereof by the pe-

Notaseme
TRADE MARK

Complainant's
Label

REG. U. S. PAT. OFFICE

Qrontex
TRADE MARK

Defendant
Label



titioners in their "Irontex" label (at the bottom of the plate). A mere inspection of this plate suffices to portray the aggravating and unnecessary situation created by petitioners' wanton acts better than any words or arguments of counsel. Petitioners' defiant use of respondent's trade-mark and label, *after notice*, made confusion easy, and petitioners well knew that the results of any confusion would be entirely in petitioners' favor.

Various instances of confusion naturally arose in the trade by reason of petitioners' acts (Record, pages 84 and 106). Petitioners' stockings were sold in response to a request for respondent's socks (Record, page 98).

That such practices will not be tolerated by courts of equity, abundantly appears from the two opinions of the Circuit Court of Appeals and of Judge Lacombe, which are for convenience appended to the back of this brief.

In the two opinions of the Court of Appeals, as well as in Circuit Judge Lacombe's opinion, confirming the Master's Report, the great value of respondent's label and trade-mark rights is expressly recognized, as well as the unquestioned and intentional taking and infringement thereof by the petitioner, so that it will be seen that eight Federal Judges have passed upon the question now attempted to be pushed on this Court, all of said Judges in alignment, all of them speaking not only as to questions of law, but as to questions of fact, and all of them condemning in the most marked terms, not only the acts, but the manner of the acts of the petitioners in attempting designedly, to theft the trade-mark property of the respondent.

These eight Judges are at the Circuit and in the Court of Appeals as follows: Judge Lacombe,

Judge Ward and Judge Noyes, sitting in the Court of Appeals for the Second Circuit; Judge Hazel sitting in the United States District Court for the Southern District of New York, by whom was entered the elaborate interlocutory decree, which stands for itself in the nature of an opinion (Record, page 3); Circuit Judge Lacombe sitting in the District Court and confirming the Master's Report, and Judge Coxe, Judge Ward and Judge Rogers, sitting in the Circuit Court of Appeals for the Second Circuit; Circuit Judge Lacombe entering the final decree on December 24th, 1913 (Record, page 43), which awarded respondent the judgment particularly complained of here. It is rarely, if ever, that such an alignment of judicial learning has been arrayed against any petitioners charged with such acts of wrongdoing as appears in the bill of complaint in this case.

THE LAW.

In *McLean vs. Fleming*, 96 U. S. 245, this Court said:

“Positive proof of fraudulent intent is not required to give a right to an injunction where the proof of infringement is clear, nor is it necessary that a specific trade-mark should be infringed; it is sufficient that there was an intent by defendant to palm off his goods as those of complainant.”

In *Lawrence Co. vs. Tennessee Co.*, 138 U. S. 549, said this Court:

“Where defendant has been guilty of fraud on the public and on the plaintiff by using an

important part of plaintiff's label in such a way and under such circumstances as to amount to a false representation and thereby intentionally and fraudulently selling its goods as those of the plaintiff, without plaintiff's consent or acquiescence, such conduct will in a proper case constitute ground for relief."

The Circuit Court of Appeals in directing the award of an injunction and entering the judgment in this case of unfair competition, *after actual notice*, where a fraudulent intent was present or could be inferred, as here, followed the rules laid down in *Singer vs. June*, 163 U. S. 169, 200; the *Hunyadi Water case*, 179 U. S. 19, which was followed in *Sarlechner vs. Eisner & Mendelsohn Co.*, 138 Fed. 22; *Merriam Co. vs. Saalfeld*, 198 Fed. 369; *Florence Mfg. Co. vs. Dowd*, 178 Fed. 73 and 189 Fed. 44; *Gulden vs. Chance*, 182 Fed. 303; *Sharpless Co. vs. Lawrence*, 213 Fed. 423; *Regis vs. Jaynes*, 191 Mass. 245; *Foster vs. Cutter-Tower Co.*, 97 N. E. 749; *Shoe Co. vs. Shoe Co.*, 100 N. E. 461; *Lever vs. Goodwin*, L. R. 36 Ch. Div. 1, *Paul on Trade-marks*, Sec. 326, page 566.

Other cases wherein the Courts have disapproved the proposition that a defendant has no right to dress its goods up in such a manner as to deceive an intending purchaser and induce him to believe he is buying those of the plaintiff's, and that a defendant has no right by imitative devices to beguile the public into buying its wares, under the impression that they are buying those of its rivals, are the following:

Coats vs. Merrick Thread Co., 149 U. S. 562;

Watch Co. vs. Watch Co., 179 U. S. 666;
Perry vs. Truefitt, 6 Beav. 66;
Croft vs. Day, 7 Beav. 84;
Lee vs. Haley, L. R. 5 Ch. 155;
Wotherspoon vs. Currie, L. R. 5 H. L. 508;
Johnston vs. Ewing, L. R. 7 App. Cas. 219;
Thompson vs. Montgomery, L. R. 41 Ch.
Div. 35;
Taylor vs. Carpenter, 2 Sandf. Ch. 603;
Amoskeag Mfg. Co. vs. Spear, 2 Sandf. 509;
Boardman vs. Meriden Britannia Co., 35
Conn. 402;
Gilman vs. Hunnewell, 122 Mass. 139.

The petitioners do not complain so much about being enjoined from using their false and spurious label or dress for their wares, as they do about being compelled to pay to respondent the judgment awarded by the Court of Appeals. The label employed by both petitioners and respondent was not a small non-functional, non-essential part of the dressing of the goods as they say on page 28 of their petition, but it was indeed almost the only thing which differentiated the stockings, as all stockings look about alike.

Seamless hosiery is made in this country to the extent of fifty million dollars annually, and plaintiff's only way to distinguish its merchandise was by its very attractively designed label and trade-mark (Record, middle of page 116).

The opinion of the Court of Appeals, 201 Fed. 99 (Record, page 1), finding, in view of the flagrant and wanton character of the infringement, that it was unnecessary for plaintiff to show actual deception, since the proofs sufficiently showed that the actual and probable result of the use of the infringing

label would be the deception of the ordinary purchaser making purchases under ordinary conditions, was an admonition to plaintiff to not encumber the record with testimony as to a multiplicity of instances of infringement or confusion or deception.

There is no class of litigation, wherein litigants impose to such an extent on the Court, as in trademark and unfair competition cases by taking unnecessary depositions to show instances of confusion or substitution, *when the Court can see with its own eyes*, just as it determined in the instant case, that a fraudulent intent was present, there had been a carefully planned and deliberate attempt to simulate successfully the dress or ear marks of another's goods, that so close a copy of an earlier design is not often seen, that it must have been devised with some intelligent purpose, and there was no evidence which would warrant the conclusion that such purpose after actual notice, was other than the intent to compete unfairly with the owner of the earlier label.

CONCLUSION.

We do not understand that we are called upon or expected at this time by this Court to go into an extensive discussion of the record of this case, but merely to call the attention of the Court to the salient points which in our opinion should assure the denial of the petition, and that it is our privilege and duty only, at this time, to point out to this Honorable Court such facts and conditions precedent, and admittedly contained in this record, upon which this Court can easily see without going into an examination and analysis of the record, that this peti-

tion is without merit, and should be denied, and to this end we have merely stated in chrystallized form the principal reasons for the denial of the writ prayed for.

In *United States vs. Rimer*, 220 U. S. 547, a writ of certiorari had been granted under a misapprehension, and when the case came on for argument, the Court dismissed the writ, saying:

“If we were to consider and decide the case, we would but review the action of the Court below in regard to a question as to which, under the Judiciary Act of 1891, the action of the Court was final, and which, neither from its character or importance, was within the scope of the grant of power to review by certiorari. After giving the matter most careful consideration and because of the precedent as to future cases which must arise from the action we take in this, we have concluded that, under the conditions which we have stated, our duty is not to pass upon the merits of the case, but to dismiss the writ of certiorari.”

We respectfully submit that this petition is an attempt to secure a review of a judgment of the Circuit Court of Appeals in a case, and in regard to questions, as to which, under the Judiciary Act of 1891, its action was final, and not within the scope of the grant of power to review by certiorari, on any of the grounds assigned in the petition, and that the petition should be denied.

Respectfully submitted,
JAMES H. GRIFFIN,
E. HAYWARD FAIRBANKS,
of Counsel for Respondent.

NOTASEME HOSIERY COMPANY vs. STRAUS, et al.

(Circuit Court of Appeals, Second Circuit, December 9, 1912).

No. 72.

1. Trade-marks and Trade-names (§70*)—Unfair Competition—Labels. Where defendants' labels used on similar goods were engraved by the same company, and appeared to be actually copied, from those previously used by complainant and defendants continued to use the same after notice, they were guilty of unfair competition.

[Ed. Note.—For other cases see Trade-Marks and Trade-Names, Cent. Dig. §155; Dec. Dig. §70.*]

2. Trade-Marks and Trade-Names (§75*)—"Unfair Competition"—Deception.

In a suit for "unfair competition," it is not necessary for plaintiff to show actual deception; but it is sufficient if the proof shows that the actual and probable result of defendants' use of their infringing label will be the deception of the ordinary purchaser, making purchases under ordinary conditions.

[Ed. Note.—For other cases, see Trade-Marks and Trade-Names, Cent. Dig. §161; Dec. Dig. §75.*]

For other definitions, see Words and Phrases, Vol. 8, p. 7174.

Unfair competition in use of trade-mark or trade-name, see notes to *Scheuer vs. Muller*, 20 C. C. A. 165; *Lare vs. Harper Bros.*, 30 C. C. A. 376.]

Appeal from the District Court of the United States for the Southern District of New York; John R. Hazel, Judge.

Action by the Notaseme Hosiery Company against Isidore Straus and others to restrain alleged infringement of the trade-mark and for unfair competition. From a decree for defendants, complainant appeals. Reversed and remanded.

James H. Griffin, of New York City (E. H. Fairbanks and Robert M. Barr, both of Philadelphia, Pa., of counsel), for appellant.

Wise & Seligsberg, of New York City (E. E. Wise, of New York City, of counsel), for appellees.

Before **Lacombe, Ward and Noyes**, Circuit Judges.

Per Curiam. As we are of the opinion that the complainant may obtain adequate relief upon its charge of unfair competition, we think it unnecessary to examine the charge of trade-mark infringement. And as the latter phase of the case may be laid out of consideration, we are not required to determine the preliminary question whether the complainant, by its own deception in the use of its alleged trade-mark, was disentitled to ask its protection. Certainly no such deception is shown as would prevent the complainant from suing for unfair competition.

[1] The testimony shows that the complainant's label came into use some six months before that of the defendants'. It also shows that the engraving company which prepared the complainant's label, designed that of the defendants'. The inference is strong that the latter was actually copied from the former, and this inference is supported by comparing

them. Each label is a rectangular design, having a diagonal black band with white script and triangular red panels. There is nothing to show that the defendants themselves knew at first of any similarity in the labels, but they were notified afterwards and continued the use.

[2] In our opinion the evidence is insufficient to show actual deception. Such proof, however, is not necessary. The question is whether the natural and probable result of the use by the defendants of its label will be the deception of the ordinary purchaser, making his purchases under ordinary conditions—whether there is a degree of similarity calculated to deceive. And we think there is such similarity. It seems clear to us that the general impression made by the defendants' label upon the eye of the casual purchaser would be likely to result in his confounding the defendants' goods with those of the complainant.

We conclude that the complainant is entitled to relief against unfair competition, and consequently the decree appealed from is reversed, with costs, and the cause remanded, with instructions to decree for the complainant (201 Fed., 99).

NOTASEME HOSIERY COMPANY VS. STRAUS, et al.

(District Court, S. D. New York. November 10, 1913.)

Trade-Marks and Trade-Names (§98*)—Unlawful Competition—Fraudulent Intent—Profits.

Complainant and defendants were rival manufacturers, complainant putting out its product under the trade-mark label consisting of the

word "Notaseme." Defendants innocently employed the same engraver to prepare a label for it which, when finished and accepted, consisted of the word "Irontex," but so arranged that the panels, contrasting colors, etc., indicated that the designer tried to make it so nearly like complainant's label as to deceive purchasers, and defendants, after notice, continued to use the label to complainant's damage. Held, that such use constituted a fraudulent intent to engage in unlawful competition and entitled complainant to recover profits after the expiration of a reasonable time after notice of the infringement.

[Ed. Note.—For other cases, see Trade-Marks and Trade-Names, Cent. Dig. §112; Dec. Dig. §98*.]

In Equity. Action by the Notaseme Hosiery Company against Isidor Straus and another to restrain alleged infringement of a trade-mark and to recover damages for unlawful competition. Decree for defendants was reversed and the cause remanded (201 Fed. 99, 119 C. C. A. 134). On report of Special Master as to allowance of profits and damages to complainants, Master's finding modified and report confirmed.

James H. Griffin, of New York City (Robert M. Barr and E. Hayward Fairbanks, both of Philadelphia, Pa., of counsel) for plaintiff.

Wise & Seligsberg, of New York City (Edmond E. Wise, of New York City, of counsel), for defendants.

Lacombe, Circuit Judge. .[1] The Court of Appeals was clearly of the opinion that a case of unfair competition had been made out. The two names,

"Notaseme" and "Irontex," are wholly dissimilar, but mere inspection of the two labels with their panels and contrasting colors showed quite satisfactorily that the designer of the later label tried to make it so nearly like the earlier one that it would be likely to deceive purchasers. So close a copy of an earlier design is not often seen; manifestly it was not accidently produced, it was devised with some intelligent purpose, and there is no evidence which would warrant the conclusion that such purpose was other than that which the Court of Appeals has found, viz., an attempt to compete unfairly with the owner of the earlier label.

This is not a case of the use of a man's own name, which use may incidentally lead persons to suppose that his wares are those they have always associated with another dealer having the same name. There has been a carefully planned and deliberate attempt to simulate successfully the dress or earmark of another's goods.

That constitutes a fraudulent intent, and, when there is such a plain intent, the authorities, as I understand them, allow complainant to recover profits as he would in an ordinary registered trademark case.

It does appear, however, from the record, that defendants were not concerned in the original concoction of the label. They sent to a designer in Philadelphia, who, as it happened, had been the one who designed complainant's label, to get up a label for them. When they received his design and commenced to sell their own goods under it, they had not seen complainant's label. During the period when they sold their goods in ignorance of the fact that the label they were using designedly simulated that of complainant, it cannot be held that they had any

fraudulent or unfair intent; and intent is essential in case of unfair competition. By the latter part of 1909, however, they were advised of the situation and learned of complainant's label. The fact that thereafter, instead of discontinuing the use of the simulating label, they continued to sell their own goods under it, sufficiently shows that at that time they deliberately, intelligently, and knowingly decided to enter into unfair competition with the complainant. For the consequences of that decision, they should respond, allowing a brief period for them to advise themselves as to the facts and to change the design of their own label. January 1, 1910, may be taken as the date from which they should account for profits. So much of the profits as accrued prior to that date should be disallowed.

I see no reason why the profits for the period between original decision in District Court and its reversal should also be eliminated. Appeal was promptly taken, and defendants took their chance of the result.

With the modification above indicated of the Master's finding as to the amount of the profits, his report is confirmed (209 Fed. 495).

NOTASEME HOSIERY COMPANY VS. STRAUS, et al.

(Circuit Court of Appeals, Second Circuit, May 14, 1914.) No. 285.

Trade-Marks and Trade-Names (§98*)—Unfair Competition—Accounting for Profits.

A decree holding defendants liable for profits realized from unfair competition, by using a label so like complainant's as to be deceptive, affirmed on the ground that during the time for

which profits were allowed defendants were chargeable with intentional fraud.

[Ed. Note.—For other cases, see Trade-Marks and Trade-Names, Cent. Dig. §112; Dec. Dig. §98*.

Unfair competition in use of trade-mark or trade-name, see notes to *Scheuer vs. Muller*, 20 C. C. A. 165; *Lare vs. Harper & Bros.*, 30 C. C. A. 376.]

Appeal from the District Court of the United States for the Southern District of New York.

Su't in equity by the Notaseme Hosiery Company against Isidor Straus and Nathan Straus, trading as R. H. Macy & Co. Decree for complainant, and defendants' appeal. Affirmed.

For opinion below, see 209 Fed. 495

E. E. Wise, of New York City, for appellants.

E. H. Fairbanks, of Philadelphia, Pa., for appellee.

Before **Coxe**, **Ward** and **Rogers**, Circuit Judges.

Ward, Circuit Judge. The complainant, a corporation of the State of Pennsylvania, filed its bill against the defendants, citizens of the State of New York, residing in the Southern District thereof, for infringement of its trade-mark and for unfair competition. The District Judge dismissed the bill, and upon appeal, this Court held that the labels were so alike that it was obvious, confusion of goods must result. We sustained the charge of unfair competition (201 Fed. 99, 119 C. C. A. 134). Accordingly the decree was reversed, and the District Court directed to enter a decree in favor of the complainant, with the usual injunction and accounting against the defendants.

It appears that the complainant's and defendants' labels were both designed by the same person, and that the defendants, though they put their goods on the market in March, 1908, were wholly unaware of the complainant's label until December 1, 1909.

The master awarded to the complainant the profits made on sales of this infringing hosiery from July 30, 1908, to February 1st, 1913, amounting to \$15,411.29. Upon exceptions to his report, Judge Lacombe struck out profits down to January 1, 1910, from which time he held the defendants guilty of a deliberate intention to enter into unfair competition, because they continued to use their label after they had been advised of the complainant's and had ample time to change it. This reduced the decree to \$9,839.73. The defendants' appeal, on the ground that profits in cases of unfair competition are recoverable only when there is intentional fraud. Assuming this to be so, we are, in view of our previous decision, compelled to find that there was fraudulent intent.

The decree is affirmed (215 Fed. 361).

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Supreme Court of the United States

OCTOBER TERM, 1914.

ISADOR STRAUS and NATHAN STRAUS, Com-
posing the Firm of R. H. MACY & CO.,
Petitioners,

Against
NOTASEME HOSIERY COMPANY,
Respondent.

~~No. 346~~ No184

MOTION BY NOTASEME HOSIERY COMPANY,
(Respondent, Complainant Below),
TO REFORM DECREE,
AND BRIEF IN SUPPORT THEREOF.

JAMES H. GRIFFIN,
277 Broadway,
New York City, N. Y.

E. HAYWARD FAIRBANKS,
1232 Chestnut Street,
Philadelphia, Pa.
Counsel for Respondent,
(Complainant below).

United States Supreme Court

OCTOBER TERM, 1915.

ISADOR STRAUS and NATHAN
STRAUS, composing the
firm of R. H. MACY & Co.,
Petitioners,

vs.

NOTASEME HOSIERY COM-
PANY,

Respondent.

No. 184.

MOTION TO REFORM THE DECREE.

Now comes Notaseme Hosiery Company and moves for an order to reform the decree herein, for the following reasons:

**STATEMENT OF THE FACTS AND OBJECT OF
THE MOTION.**

In the opinion of the District Court, filed February 9th, 1912, the dismissal of the bill was ordered.

On the appeal of complainant (Notaseme Co.) to the Circuit Court of Appeals for the Second Circuit, 201 Fed. 99, that Tribunal held that complainant was entitled to relief on the charge of unfair competition, and accordingly reversed the District Court, found infringement, ordered the usual decree for an injunction, and found complainant to be the exclusive owner of its label or trade insignia.

Pursuant to the mandate of the Court of Appeals, the usual reference was had, and Judge Lacombe modified and confirmed the Master's Report, 209 Fed. 495.

On the second appeal taken by defendants (Macy & Co.) from Judge Lacombe's opinion, the Court of Appeals for the Second Circuit upon a final review of the case affirmed Judge Lacombe in 215 Fed. 361.

Upon defendants' (Macy & Co.'s) application to this Court for a writ of certiorari, the same was granted and this Court, in an opinion by Mr. Justice Holmes, modified the decision of this Court of Appeals for the Second Circuit, 215 Fed. 361, *merely as to the accounting feature*, holding that the Court of Appeals did not err as regards the propriety of issuing an injunction, this Court saying of the defendants' acts:

“That it was unfair to continue the use of a label so similar in general character to the plaintiff's we are not disposed to deny * * * * *

"We assume that coupled with the script upon the band there is sufficient pictorial similarity to deceive some persons, but, unless we go considerably farther, to charge the defendants with all the profits would be unjust. * * * * *

"The petitioners properly were enjoined from further use of the mark in controversy, but so far as the decree charged them with profits it is reversed." (*Supreme Court Opinion Report*, 240 U. S. 179, *Advance Reports No. 2.*)

It is clear from the opinion of this Court, that the Court of Appeals for the Second Circuit was right in finding:

1st. That plaintiff was the owner of the trade-mark or insignia forming the basis of the suit;

2nd. That said trade-mark was infringed by defendant, and

3rd. That defendant was properly enjoined from further infringing the mark.

The wording of the mandate and the decree of this Court as entered is so broad that (notwithstanding the very clear statement in the opinion of this Court, quoted *supra*, to the effect that the reversal in this court was simply and *solely as to the matter of the accounting*, the propriety of issuance of the injunction being affirmed), it is capable of the construction that the reversal extended to both branches of the case, both the injunction and the accounting. In the final decree as entered in the second circuit, the terms of the same are so worded as to be capable of a construction that the reversal extended to the

entire case and that the plaintiff, (Notaseme Hosiery Co.), must be burdened with the costs of the defendant, (Macy & Co.).

It was believed by complainant that the District Court in the Second Circuit, upon having its attention called to the situation, would, of its own motion, as a matter of simple justice to complainant (who had spent some six years in this litigation), order the decree to be amended so as to read that the reversal in this court was directed *solely to the accounting feature*. Such being the case, complainant under the authorities would be entitled to its costs. The District Court in the Second Circuit, however, stated in substance that notwithstanding the seeming injustice to the plaintiff (Notaseme Co.,)it felt that it lacked power to order the decree to be amended or reformed, in view of the broad phrasing of the decree in this court, but perceiving the justice of plaintiff's position, Judge Hand on August 18th, 1916, upon plaintiff's application entered the following order extending the term of court so as to permit this application to be made to this court.

ORDER EXTENDING TERM OF COURT.

“This case having come on to be heard, on motion by plaintiff's counsel to modify the final decree entered herein on or about April 14, 1916, pursuant to a mandate of the U. S. Supreme Court, and it having been represented to this Court by plaintiff's counsel that they intended to make prompt application to the Supreme Court, at its next term, to have the said mandate amended; and plaintiff having presented here-

with a bond for \$1,000.00, which is hereby approved, as security for such sum or sums of money as are directed to be paid by the plaintiff to the defendants under the said decree entered herein on or about April 14, 1916, unless said decree shall be modified pursuant to an amended mandate of the Supreme Court. It is hereby

ORDERED that the present term of this Court be extended for the purpose of permitting plaintiff to make application at the next term of the Supreme Court to amend its mandate in this suit and, in the event said mandate is amended, to permit plaintiff to make prompt application thereafter to modify the final decree herein, in accordance with the amended mandate of the Supreme Court.

AUGUSTUS N. HAND,
District Judge.

New York, Aug. 18, 1916."

THE MOTION.

For the foregoing reasons, complainant (Notaseme Co.) brings this motion and asks that an order be entered, giving leave to reform the decree on the ground that there appears to have been a *clerical* error in the framing thereof, which it is believed to be entirely within the jurisdiction of this court to now correct as a matter of simple justice to a complainant, who has prevailed on the main issue, to wit, *the issue of infringement and the issuance of the injunction*. The general law upon the subject of a complainant's right in an equity suit to its costs, where the injunction is ordered is contained in the following familiar cases:

THE LAW OF THE CASE.

In an equity suit, plaintiff's right to an injunction is usually the basis of the action, in other words, it is the main ground on which plaintiff asks for relief. It is true that an accounting is also usually prayed for, but such accounting is, ordinarily, merely incidental or collateral to the injunctive relief sought. The accounting is never ordered in case laches exist nor where the amount involved is too small to justify the reference; in other words, it is usually a matter of secondary importance, and, in the great majority of patent and trade-mark cases an accounting is waived.

It is complainant's contention that, having prevailed in the Court of Appeals as to the fundamental and most important matter of the suit, to wit, *the issue of infringement and the issuance of the injunction*, it is clearly entitled to costs in that court. This is not only sound as a matter of logic and principle, but is amply sustained by precedent, both in this court and in the Second Circuit.

Substantially, if not identically, the same state of facts at bar were before this Court in the well-known unfair competition case of *McLean vs. Fleming*, 96 U. S. 245. In this case the Circuit Court found defendant guilty of infringement, issued an injunction against him and referred the case to the Master to report damages, the latter reporting plaintiff's damages \$7,399.35. The respondent excepted and, upon his exception being overruled, the Master's report confirmed and a final decree entered, the respondent appealed to the Supreme Court. This Court affirmed the Circuit Court as to the injunction but re-

versed it as to its finding of damages, holding that plaintiff was barred from an accounting by laches. Nevertheless, plaintiff was awarded costs in the Circuit Court. With reference to costs, the opinion of this Court states:

“Acquiescence of long standing is proved in this case, and inexcusable laches in seeking redress, which show beyond all doubt that the complainant was not entitled to an account nor to a decree for gains or profits; **but infringement having been proven, showing that the injunction was properly ordered, he is entitled to the costs in the Circuit Court**; but the decree for an account and for the supposed gains and profits being erroneous, the respondent, as appellant, is entitled to costs in this court. *Browne, Trademarks*, Sect. 497.

“Decree as to the injunction and costs in the Circuit Court will be affirmed, but it will be reversed as to the decree for an account and as to the allowance for gains and profits, with costs in this court for the appellant; and the cause will be remanded with direction to enter a decree in conformity with the opinion of this court; and it is so ordered.” (*McLean vs. Fleming*, 96 U. S. 245, 258.)”

Another case in this Court, wherein the facts were substantially parallel to those in the instant case, was that of *Menendez vs. Holt*. The case was heard at Circuit by Judge Coxe. Judge Coxe granted an injunction but refused to order an accounting upon the authority of *McLean vs. Fleming*, *supra*, Judge Coxe said:

“In endeavoring to reach a just result the Court should not overlook the fact that the de-

lay in commencing the suit was unreasonable, and that some of the evils of which the complainants complain are attributable to their own laches in this regard. The facts seem to bring the case within the doctrine of *McLean vs. Fleming*, 96 U. S. 245.

"There should be a decree in favor of the complainants for an injunction, *with costs*." (*Holt vs. Menendez*, 23 F. R. 869, 871, Coxe, J.)

Upon appeal, Judge Coxe's decision was sustained. The opinion in this court stated:

"Delay in bringing suit there was, and such delay as to preclude recovery of damages for prior infringement, but there was neither conduct nor negligence which could be held to destroy the right to prevention of further injury.

"The decree of the Circuit Court will, therefore, be *affirmed*." (*Menendez vs. Holt*, 128 U. S. 514, 524.)

In a later unfair competition case, where complainant prevailed as to the injunction relief, but was denied an accounting, Judge Coxe awarded plaintiff costs. See *City of Carlsbad vs. Schultz*, 78 F. R. 469, 472.

The general rule concerning the matter of costs in the Circuit Court of Appeals was stated by the Court of Appeals for 7th Circuit, as follows:

"It is not determined with precision under what circumstances costs of appeal will be denied or apportioned between the parties. Possibly no cast-iron rule could be formulated that would award exact justice in all cases. * * * * The appellant has succeeded in reversing the decree in the most important part, so far as the

amount of money is concerned. * * * * *

* * * * * Where the appeal has substantially prevailed, we perceive no reason to deny to the appellant the statutory costs which has been incurred in the successful attempt to assert a right." (*Northern Trust Co. vs. Snyder*, 77 F. R. 818, 820.) C. A. 7th Cir."

The rule announced in the foregoing case by the Court of Appeals for the 7th Circuit was later followed, in a patent case, by the Court of Appeals for the 6th Circuit. This Court said:

"In equity cases this Court directs the imposition of costs according to the circumstances, and apportions them or denies cost altogether by no iron-clad rule. Indeed, such a rule could not be well prepared, and would more often than otherwise lead to injustice. *Northern Trust Co. vs. Snyder*, 77 Fed. 818, 23 C. C. A. 480. The real substantial value of the Johnson patent consisted in its process claim. Over that the conflict raged. The mechanism by which it was to be employed was found not to involve invention, because we found that, 'when he disclosed his plan for the treatment of the peculiar material, its simplicity conveyed to any one skilled in the industry all the knowledge necessary to supply it.' Much of the record was made up of evidence endeavoring to show that Johnson was not the discoverer or first inventor of his process. In such circumstances we do not feel that the statute requires this court to deny the appellant his costs in this court." (*Johnson vs. Foos Mfg. Co.*, 141 F. R. 73, 90.)

It is respectfully submitted that this application is not in the nature of a petition for rehearing after judgment, which, of course, cannot be filed except at the term in which the judgment was rendered, but it is an application to enable the correction of a *clerical* error in simple justice to the complainant, which is of the character specified in *Brooks vs. Railway Co.*, 102 U. S. 107, wherein this Court said:

“At the end of the term, the parties are discharged from further attendance on all causes decided, and we have no power to bring them back. After that, we can do no more than correct **any clerical errors** that may be found in the record of what we have done.”

It is respectfully submitted that the present application comes under the exception noted in the above case, and as a matter of simple justice to the complainant, it is respectfully submitted that the same should be granted.

Respectfully submitted,

JAMES H. GRIFFIN,

E. HAYWARD FAIRBANKS,

Counsel for Respondent,

Notaseme Hosiery Company,

Complainant Below.

James H. Griffin,
E. Hayward Fairbanks

United States Supreme Court

OCTOBER TERM, 1915.

ISADOR STRAUS and NATHAN
STRAUS, composing the
firm of R. H. Macy & Co.,
Petitioners,

vs.

NOTASEME HOSIERY COM-
PANY,

Respondent.

No. 184.

NOTICE OF MOTION TO REFORM DECREE.

*To Isador Straus and Nathan Straus, composing the
firm of R. H. Macy & Co., or
Edmond E. Wise, New York City, their counsel:*

Take notice that we will, on Monday, October 9th,
1916, at the hour of 12 noon, or as soon thereafter as
counsel can be heard, submit to the Supreme Court of

12 *Notice of Motion to Reform Decree*

the United States a motion to reform the decree herein, a copy of which motion and brief in support thereof are herewith served upon you.

Dated, Philadelphia, Pa., this 7th day of September, 1916.

JAS. H. GRIFFIN,
E. HAYWARD FAIRBANKS,
Counsel for Respondent.
(Complainant below.)

Received a copy of the above the 8th day of September, 1916.

WISE & SELIGSBURG,
Counsel for Petitioners.



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IN THE

Supreme Court of the United States

OCTOBER TERM, 1915.

No. 164

ISIDOR STRAUSS and NATHAN STRAUSS, complaining the
Admin. of R. H. MACY & Co.,

Respondents.

Appellants

NOTABLES BROS. COMPANY

Respondents

APPEAL AND BRIEF IN OPPOSITION TO
WRIT OF HABEAS CORPUS FOR THE ABOVE.

EDWARD E. WHITE

of Counsel for Appellants

No. 15 William Street

New York City

United States Supreme Court

OCTOBER TERM, 1915.

ISIDOR STRAUS and NATHAN STRAUS, composing the firm of R. H. MACY & Co.,

Petitioners,

against

NOTASEME HOSIERY COMPANY,
Respondent.

No. 184.

**Affidavit and Brief in Opposition to
Motion to Reform the Decree.**

STATE OF NEW YORK, }
CITY AND COUNTY OF NEW YORK, {ss.:

EDMOND E. WISE, being duly sworn, deposes and says: That he has been counsel for the petitioners since the inception of the action. That he has read the unverified statement of facts and object of the motion annexed to the notice of motion.

Said statement is full of inaccuracies and omissions. For instance, it is claimed that in this Court, the right of the Notaseme Company to a trade-mark was approved. Secondly, that said trade-mark was infringed by defendant, and thirdly, that the defendant was properly enjoined from further infringing the mark. A reading of the opinion of this

Court shows that this is not true. Mr. Justice HOLMES says:

"We agree with the Circuit Court that the plaintiff is not in a position to recover for an infringement of a registered trade-mark."

The statement further seeks to convey the impression that the injunction was the main relief sought, and that the appeal from the injunction was the main appeal argued, and that the question of damages was a side issue. This is unqualifiedly contrary to the facts.

Shortly after the decree dismissing the complaint was reversed by the Circuit Court of Appeals, and before a decree of injunction was entered in the Circuit Court, the petitioners ceased using the label complained of, and never from that time on, used it again.

On petitioners' appeal from the judgment entered in the lower Court after the reversal by the Circuit Court of Appeals, they were barred from appealing from that portion of the judgment which awarded an injunction, as that question had been completely passed upon by the Circuit Court of Appeals. From that time on, the question of injunction played not the slightest part in the appeal, and had the Circuit Court entered a decree granting the injunction, but holding that in the absence of fraud, there could be no recovery of damages, these petitioners would not have appealed to the Circuit Court of Appeals, nor if the Circuit Court of Appeals had rendered a similar decision, would application for a writ of certiorari have been made to this Court.

The decision of this Court was handed down on the 21st day of February, 1916. On the 6th day

of March, the respondent submitted a motion for a rehearing which was denied on the 13th day of March.

On the 12th of April, the mandate of this Court was filed in the District Court, and an order, with notice of settlement, was served on counsel for respondent. At its request, an adjournment of the settlement was had until the 17th day of April, on which day the order was signed and entered, and final decree was entered in accordance with said mandate. On the 25th day of April, counsel was advised that a resettlement of the decree was in contemplation with respect to the costs. The motion, however, was not made until July 5th, returnable July 7th, but it did not come on for a hearing until July 14th before District Judge LEARNED HAND, who refused to vacate the order, stating that he was bound by the mandate, and that the decree was in accordance with that mandate, and suggested that as the lower Courts were powerless to change the mandates of the Supreme Court, the respondent's sole relief lay with that Court, and that if it was considered desirable to make an application to that Court, he would not cut off any rights respondent might deem itself entitled to, and would therefore extend the term of the District Court. Thereafter an order signed by Judge AUGUSTUS N. HAND, who had not heard the motion, and which order is set forth in the moving statement, was entered on August 18, 1916, the respondents having approved the order as to form. Judge AUGUSTUS N. HAND gave no expression as to the justice or propriety of respondent's claim as stated in the statement of facts, but merely entered an order which containing as it did provision for a bond,

had the approval as to form of counsel for the respondent.

EDMOND E. WISE.

Sworn to before me this
5th day of October, 1916.

GEORGE F. HANRAHAN,
Notary Public,
New York County, No. 425.

(Seal)

POINTS OF LAW.

Respondent's failure and neglect to apply for the relief prayed for in this motion before the termination of the term at which the mandate was issued, is fatal to the present application.

It is a well established rule that after the term has ended, all final judgments and decrees of the Court pass beyond its control, unless steps be taken during that time, by motion or otherwise, to set aside, modify or correct them. This principle has been repeatedly upheld by this Court, and it has invariably refused all applications to either modify its decrees, or grant applications for rehearings made after the adjournment of the Court for the term at which the judgment was rendered, on the ground that the case has passed beyond the control of the Court (*Bronson v. Schulten*, 104 U. S., p. 410). As was stated in that case by Mr. Justice MILLER, "the question relates to the *power* of the Courts and not to the mode of procedure." That

case, as well as a number of others, were cited with approval by Mr. Justice HUGHES in *re Metropolitan Trust Co.*, 218 U. S., p. 312.

In *Tyron v. Pennsylvania R. R. Co.*, 213 Fed. Rept., 49, at page 50, District Judge HAIGHT, in passing upon a similar question, cites the rule so established, and gives a number of authorities in support thereof as follows:

"It is unnecessary for me to consider whether the plaintiff would be entitled to the relief which he seeks, if the motion had been made in time, because this court is without power or authority to vacate or open the judgment, as the term in which it was pronounced has passed. *Sibald v. U. S.*, 12 Pet., 492, 9 L. Ed., 1167; *Brooks v. Burlington, St. R. Co.*, 102 U. S., 107, 26 L. Ed., 91; *Bronson v. Schulten*, 104 U. S., 410, 26 L. Ed., 797, and cases there cited; *Philips v. Negley*, 117 U. S., 665, 6 Sup. Ct., 901, 29 L. Ed., 1013; *Hickman v. Fort Scott*, 141 U. S., 415, 12 Sup. Ct., 9, 35 L. Ed., 775; *Rio Grande Irrigation & Colonization Co. v. Gildersleeve*, 174 U. S., 603, 19 Sup. Ct., 761, 43 L. Ed., 1103; *Tubman v. Baltimore & Ohio R. Co.*, 190 U. S., 38, 23 Sup. Ct., 777, 47 L. Ed., 946; *Gagnon v. U. S.*, 193 U. S., 451, 24 Sup. Ct., 510, 48 L. Ed., 745; *Wetmore v. Karrick*, 205 U. S., 141, 27 Sup. Ct., 434, 51 L. Ed., 745; *In re Metropolitan Trust Co.*, 218 U. S., 312, 31 Sup. Ct., 18, 54 L. Ed., 1051. The same principle has been enunciated and applied in this district. *U. S. v. Four Lorignette Holders* (D. C.), 132 Fed., 564."

The motion papers do not give the precise amendment to the mandate which the respondent requests. In a general way, however, respondent appears to ask that the judgment and mandate of the Court be amended so as to allow it costs in the Courts be-

low, and the claim is that the failure to award it these costs, is a mere clerical error which would remove the case from the principle that after the termination of the term, the Court has no power to correct its final judgment. The question, of course, can hardly be considered a clerical error. In an equity action, costs are in the discretion of the Court, and as this Court neither in its mandate nor in its decision indicated in any way, that the costs in the lower Court should be preserved to the defeated party, but unconditionally reversed the decree awarding the same, it is difficult to see how the respondent finds any support for the statement that the failure to grant it costs in the Courts below, was a mere *clerical error*.

If it felt aggrieved by the failure of this Court to protect its rights, if any, as to those costs, its application should have been joined with its application for a reargument in March, 1916, three months before the expiration of the 1915 Term.

The very fact that counsel for respondent has deemed it expedient to cite and quote authorities in which, under certain conditions, costs have been awarded to a partially successful litigant, is convincing proof of the fact that he is seeking to correct what he believes to be not a clerical, but a judicial error.

But on the facts, as they exist in this case, even if application had been made in time, the respondent is not entitled to the relief it asks for. The decree of the District Court entered after the reversal by the Circuit Court, passed upon the question of injunction, and was, so far as the petitioners were concerned, a bar to an appeal from that judgment to the Circuit Court of Appeals. The sole point litigated in the Circuit Court of Appeals on the second appeal, was the question of damages

on the accounting, though the absence of fraud was vigorously pressed upon the Court. The main point presented on the petition for certiorari was the question of damages in cases of this character. The injunction was of no importance whatsoever, as the use of the labels had been discontinued even before the decree granting the injunction was entered. The main and practically the sole point argued in this case was whether there was such proof of fraud, or confusion, or substitution of goods by the use of the label, as to entitle the respondent to any damage by reason of unfair trade. That question was decided in favor of the respondent by the Circuit Court of Appeals, and that judgment was reversed by this Court. Reference to the opinion of the Circuit Court of Appeals will clearly establish that fact. Had that Court on the second appeal directed the entry of a decree confirming the injunction, but denying damages on the ground that there was no fraud or confusion of goods as decided by this Court, the petitioners would not have filed a petition for a writ of certiorari, nor would this Court have granted the same.

The main if not the only point involved, was whether respondent was entitled to damages, and that point having been decided in favor of the petitioners, it follows, as a matter of course, under the very authorities cited by the respondent, that the decree of reversal that was entered, was in all respects just and correct.

Petitioners submit that in the absence of any clerical error, and of any merit in the motion, it should be denied.

Respectfully submitted,

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Of Counsel.